KOREA ELECTRIC POWER CORP
Form 6-K
June 12, 2018
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 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 2018

KOREA ELECTRIC POWER CORPORATION

(Translation of registrant s name into English)

55 Jeollyeok-ro, Naju-si, Jeollanam-do, 58217, Korea

(Address of principal executive offices)

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

Form 20-F Form 40-F

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

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

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

Yes No

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

This Report of Foreign Private Issuer on Form 6-K is deemed filed for all purposes under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended.

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QUARTERLY BUSINESS REPORT

(For the period from January 1, 2018 to March 31, 2018)

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 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) 55 Jeollyeok-ro, Naju-si, Jeollanam-do, 58217, Korea

(Phone number) 82-61-345-4213

(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 and distribution of electricity and other related activities;
- research and development of technology 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 certain 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), 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 overseas businesses and related investments.

4. Subsidiaries and affiliates of KEPCO

(As of March 31, 2018)

Classification	**Consolidated subsidiaries**	**Associates and joint ventures**	**Total**
Domestic	26	60	86
Overseas	78	46	124
Total	**104**	**106**	**210**

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5. Major changes in management

A. On March 19, 2018, Mr. Kim, Chang-Joon was appointed as a non-standing director in the replacement of Mr. Koo, Ja-Yoon, whose term of office expired.

B. On April 4, 2018, Mr. Yang, Bong-Ryull, Mr. Kim, Jwa-Kwan and Mr. Jung, Yeon-Gil were appointed as non-standing directors in the replacement of Mr. Ahn, Choong-Yong, Mr. Lee, Gang-Hee and Mr. Cho, Jeon-Hyeok whose term of office expired.

C. At the extraordinary general meeting of shareholders of KEPCO held on April 10, 2018, Mr. JongKap KIM was appointed as the President and Chief Executive Officer, in replacement of Mr. Cho, Hwan-Eik who voluntarily resigned on December 8, 2017.

6. Changes in major shareholders

On December 31, 2014, Korea Development Bank merged with Korea Finance Corporation, and became the largest shareholder of KEPCO.

7. Information regarding KEPCO shares

A. Issued share capital: Won 3,210 billion (Authorized capital: Won 6 trillion)

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

C. Dividends: Dividend payment of Won 790 per share for fiscal year 2017 (Won 0.51 trillion in aggregate). Dividend payments for fiscal year 2016, 2015 and 2014 were Won 1,980, Won 3,100 and Won 500 per share respectively.

II. Business Overview

1. Consolidated financial results by segment for the first three-month period ended March 31, 2018 and 2017

(In billions of Won)

	January to March 2017		**January to March 2018**	
	Sales	**Operating profit**	**Sales**	**Operating profit**
Electricity sales	15,193	-784	15,564	-1,442
Nuclear generation	2,669	738	1,962	182

Thermal generation	6,789	1,522	7,726	1,230
Others(*)	669	65	784	69
Subtotal	25,320	1,541	26,036	39
Adjustment for related-party transactions	-10,173	-78	-10,330	-167
Total	15,147	1,463	15,706	-128

The figures may not add up to the relevant total numbers due to rounding.

(*) Others relate to subsidiaries including KEPCO E&C, KEPCO KPS, KEPCO NF and KEPCO KDN, among others.

Sales and operating profit reflects amendments to Korean IFRS 1001 Presentation of Financial Statements.

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2. Changes in unit prices of major products

(In Won per kWh)

Business sector		Company	January to March 2017	January to March 2018
Electricity sold	Residential	KEPCO	109.40	111.06
	Commercial		130.09	128.54
	Educational		98.68	99.62
	Industrial		109.15	109.19
	Agricultural		47.82	47.67
	Street lighting		109.48	110.02
	Overnight usage		72.69	72.84
Electricity from nuclear generation	Nuclear Generation	KHNP	69.23	69.16
Electricity from thermal generation	Thermal generation	KOSEP	89.30	88.31
		KOMIPO	104.70	101.86
		KOWEPO	107.18	105.07
		KOSPO	106.21	104.21
		EWP	105.99	103.94

3. Power purchase from generation companies for the first three-month period ended March 31, 2018

Company	Volume (MWh)	Expense (In billions of Won)
KHNP	27,542,332	1,907
KOSEP	17,589,035	1,562
KOMIPO	13,471,173	1,373
KOWEPO	13,018,327	1,369
KOSPO	15,355,844	1,606
EWP	14,602,564	1,524
Others	40,130,728	4,690
Total	141,710,003	14,031

Excludes expense related to the renewable portfolio standard provisions and carbon emissions.

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4. Intellectual property as of March 31, 2018

	Patents		Utility		Trademarks		
	Domestic	Overseas	models	Designs	Domestic	Overseas	Total
KEPCO	1,943	220	73	66	154	45	2,501
Consolidated subsidiaries	3,808	583	803	117	245	23	5,579
Total	5,751	803	876	183	399	68	8,080

III. Financial Information

1. Condensed consolidated financial results as of and for the first three-month period ended March 31, 2018

(In billions of Won)

Consolidated statements of comprehensive income				Consolidated statements of financial position			
	January to March 2017	January to March 2018	Change (%)		December 31, 2017	March 31, 2018	Change (%)
Sales	15,147	15,706	3.7	Total assets	181,789	184,025	1.2
Operating profit	1,463	-128	-108.7	Total liabilities	108,824	111,827	2.8
Net income	900	-250	-127.8	Total equity	72,965	72,198	-1.1

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2. Condensed separate financial results as of and for the first three-month period ended March 31, 2018

(In billions of Won)

	Separate statements of comprehensive income				Separate statements of financial position		
	January to March 2017	January to March 2018	Change (%)		December 31, 2017	March 31, 2018	Change (%)
Sales	15,193	15,564	2.4	Total assets	106,540	107,194	0.6
Operating profit	-784	-1,442	-83.9	Total liabilities	50,758	52,538	3.5
Net income	318	-622	-295.8	Total equity	55,782	54,656	-2.0

IV. Board of Directors (KEPCO Only)

1. The board of directors is required to consist of not more than 15 directors including the president. Under our Articles of Incorporation, there may not be more than seven standing directors including the president, and more than eight non-standing directors. The number of non-standing directors must exceed the number of standing directors, including our president.

* The Audit Committee consists of one standing director and two non-standing directors.

2. Board meetings and agendas for the first three-month period ended March 31, 2018

		Classification	
Number of meetings	Number of agendas	Resolutions	Reports
5	16	11	5

* The audit committee held 3 meetings with 9 agendas (of which, 4 were approved as proposed and 5 were accepted as reported).

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3. Major activities of the Board of Directors

Date	Agenda	Results	Type
February 8, 2018	Approval of amendments to the Electricity Usage Agreement and Rules for Operation	Approved as proposed	Resolution
February 23, 2018	Approval of the maximum aggregate amount of remuneration for directors in 2018	Approved as proposed	Resolution
	Approval of the relocation plan of materials center in Gyeonggi District Division	Approved as proposed	Resolution
	Approval of consolidated and separate financial statements for the fiscal year 2017	Approved as proposed	Resolution
	Approval to call for the annual general meeting of shareholders for the fiscal year 2017	Approved as proposed	Resolution
	Report on operating plan of the Act on the Control and Supervision on Nuclear Power Suppliers, etc. for the Prevention of Corruption in the Nuclear Power Industry (2018-2019)	Accepted as reported	Report
	Report on the annual management of commercial papers in 2017	Accepted as reported	Report
	Report on internal control over financial reporting for the fiscal year 2017	Accepted as reported	Report
	Evaluation report on internal control over financial reporting for the fiscal year 2017	Accepted as reported	Report
	Report on the audit result for 2017	Accepted as reported	Report
February 27, 2018	Approval to close the shareholders registry for extraordinary general meeting of shareholders	Approved as proposed	Resolution
March 15, 2018	Approval of amendments to investment structure and guarantee for Nghi Son II coal-fired power plant in Vietnam	Conditionally Approved	Resolution
	Approval of liquidation of KEPCO Canada Energy(KCE), a subsidiary located in Canada	Approved as proposed	Resolution
	Approval of the construction of a new Integrated Gangwon District Division Office Building	Approved as proposed	Resolution
	Approval of the Statement of Appropriation of Retained Earnings for the fiscal year 2017	Approved as proposed	Resolution
March 26, 2018			Resolution

Approval to call for the extraordinary general meeting of shareholders for the fiscal year 2018	Approved as proposed

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4. Major Activities and Attendance Status of Non-standing directors

Date	Agenda	Ahn, Choong-Yong	Lee, Gang-Hee	Cho, Jeon-Hyeok	Choi, Ki-Ryun	Sung, Tae-Hyun	Koo, Ja-Yoon	Kim, Joo-Suen	Kim, Ji-Hong	Kim, Chang-Joon
February 8, 2018	Approval of amendments to the Electricity Usage Agreement and Rules for Operation	For	For	For	For	Absent	For	For	For	Before Appoint -ment
February 23, 2018	Approval of the maximum aggregate amount of remuneration for directors in 2018	For	For	For	For	For	For	For	For	
	Approval of the relocation plan of materials center in Gyeonggi District Division	For	For	For	For	For	For	For	For	
	Approval of consolidated and separate financial statements for the fiscal year 2017	For	For	For	For	For	For	For	For	
	Approval to call for the annual general meeting of shareholders for the fiscal year 2017	For	For	For	For	For	For	For	For	
	Report on operating plan of the Act on the Control and Supervision on Nuclear Power Suppliers, etc. for the Prevention of Corruption in the Nuclear Power Industry (2018-2019)				Agenda for Report					
	Report on the annual management of commercial				Agenda for Report					

	papers in 2017									
	Report on internal control over financial reporting for the fiscal year 2017				Agenda for Report					
	Evaluation report on internal control over financial reporting for the fiscal year 2017				Agenda for Report					
	Report on the audit result for 2017				Agenda for Report					
February 27, 2018	Approval to close the shareholders registry for extraordinary general meeting of shareholders	Absent	For	Absent	Absent	Absent	For	For	For	
March 15, 2018	Approval of amendments to investment structure and guarantee for Nghi Son II coal-fired power plant in Vietnam	For	For	For	For	Absent	Absent	For	For	
	Approval of liquidation of KEPCO Canada Energy (KCE), subsidiary located in Canada	For	For	For	For	Absent	Absent	For	For	
	Approval of the construction of a new Integrated Gangwon District Division Office Building	For	For	For	For	Absent	Absent	For	For	
	Approval of the Statement of Appropriation of Retained Earnings for fiscal year 2017	For	For	For	For	Absent	Absent	For	For	
March 26, 2018	Approval to call for the extraordinary general meeting of shareholders for the fiscal	For	For	For	For	Absent	Retired	For	Absent	For

year 2018									
Attendance Rate	**80%**	**100%**	**80%**	**80%**	**20%**	**75%**	**100%**	**80%**	**100%**

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4. Major activities of the Audit Committee

Date	Agenda	Results	Type
January 19, 2018	Audit plans for 2018	Approved as proposed	Resolution
	Education plans for auditors for 2018	Approved as reported	Report
February 23, 2018	Amendments to Code of Conduct and Guideline for Practice for KEPCO executives and staff members	Approved as proposed	Resolution
	Report on the audit result for 2017	Approved as reported	Report
	Report on internal control over financial reporting for the fiscal year 2017	Approved as reported	Report
	Evaluation report on internal control over financial reporting for the fiscal year 2017	Approved as reported	Report
March 15, 2018	Auditor s report on the agendas for the annual general meeting of shareholders	Approved as proposed	Resolution
	Approval of selection of independent auditors of subsidiaries	Approved as proposed	Resolution
	Independent auditor s report on the auditing results for the consolidated and separate financial statements for the fiscal year 2017	Approved as reported	Report

The audit department, organized under the supervision of the Audit Committee, conducts internal audit over the entire company 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 inspections with respect to the relevant divisions or offices.

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V. Shareholders

1. List of shareholders as of March 15, 2018

		Number of shareholders	Shares owned	Percentage of total (%)
Government of the Republic of Korea		1	116,841,794	18.20
Korea Development Bank		1	211,235,264	32.90
Subtotal		2	328,077,058	51.10
National Pension Service		1	36,460,422	5.68
Public	Common shares	1,297	156,960,303	24.45
(non-Koreans)	American depositary shares (ADS)	1	35,678,712	5.56
Public	Corporate	1,092	31,469,657	4.90
(Koreans)	Individual	429,751	53,317,925	8.31
Total		432,144	641,964,077	100.00

Percentages are based on issued shares of common stock.

All of our shareholder have equal voting rights.

Citibank, N.A. is our depositary bank and each ADS represents one-half of one share of our common stock.

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VI. Directors and employees as of and for the first three-month period ended March 31, 2018

(KEPCO Only)

1. Directors

(In thousands of Won)

Type	Number of directors	Total remuneration	Average remuneration per person	Remarks
Standing director	3	89,049	29,683	Excluding the members of Audit Committee
Non-standing director	6	45,000	7,500	
Member of Audit Committee	3	44,729	14,910	
Total	12	178,778	14,898	

2. Employees

(In thousands of Won)

Type	Number of employees			Average continuous service year	Total salaries	Average salaries per person
	Regular	Non-regular	Total			
Male	17,047	419	17,466	17.7	397,730,608	22,772
Female	4,106	91	4,197	13.6	74,138,923	17,665
Total	21,153	510	21,663	16.9	471,869,531	21,782

VII. Other Information Necessary for the Protection of Investors

1. Summary of shareholder s meetings for the first three-month period ended March 31, 2018

Type	Agenda	Results
Annual General Meeting held on March 30, 2018	Approval of financial statements for the fiscal year 2017	Approved as proposed
	Approval of the maximum aggregate amount of remuneration for directors in 2018	Approved as proposed

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2. Pending legal proceedings as of March 31, 2018

(In billions of Won)

Type	Number of lawsuits	Amount claimed
Lawsuits where KEPCO and its subsidiaries are engaged as the defendants	579	478
Lawsuits where KEPCO and its subsidiaries are engaged as the plaintiffs	188	751

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SIGNATURES

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

By:	/s/ Kim, Jong-soo
Name:	Kim, Jong-soo
Title:	Vice President

Date: June 12, 2018

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Interim Financial Statements

March 31, 2018

(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 Company), which comprise the consolidated interim statement of financial position as of March 31, 2018, the consolidated interim statements of comprehensive income (loss), changes in equity and cash flows for the three-month periods ended March 31, 2018 and 2017 and notes, comprising a summary of significant accounting policies and other explanatory information.

Management s Responsibility for the Consolidated Interim Financial Statements

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) 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 reviews. We conducted our reviews 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 statements 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 Korean Standards on Auditing 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.

Review Conclusion

Based on our reviews, 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 1034 Interim Financial Reporting .

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.

We have previously audited, in accordance with Korean Standards on Auditing, the consolidated statement of financial position of the Company as of December 31, 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this report, and we expressed an unqualified opinion on those consolidated financial statements in our report dated March 15, 2018. The accompanying consolidated financial position of the Company as of December 31, 2017, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

KPMG Samjong Accounting Corp.

Seoul, Korea

May 15, 2018

This report is effective as of May 15, 2018, 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 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, 2018 and December 31, 2017

(Unaudited)

In millions of won	***Note***		**March 31, 2018**	**December 31, 2017**
Assets				
Current assets				
Cash and cash equivalents	5,6,7,44	₩	2,580,522	2,369,739
Current financial assets, net	5,10,11,12,44		3,315,560	1,958,357
Trade and other receivables, net	5,8,14,20,44,45,46		6,937,378	7,928,972
Inventories, net	13		5,966,492	6,002,086
Income tax refund receivables	40		19,811	100,590
Current non-financial assets	15		987,215	753,992
Assets held-for-sale	41		23,533	27,971
Total current assets			19,830,511	19,141,707
Non-current assets				
Non-current financial assets, net	5,6,9,10,11,12,44		2,157,284	2,038,913
Non-current trade and other receivables, net	5,8,14,44,45,46		1,716,441	1,754,797
Property, plant and equipment, net	18,27,48		151,687,109	150,882,414
Investment properties, net	19,27		287,642	284,714
Goodwill	16		2,582	2,582
Intangible assets other than goodwill, net	21,27,45		1,183,519	1,187,121
Investments in associates	4,17		4,092,261	3,837,421
Investments in joint ventures	4,17		1,612,518	1,493,275
Deferred tax assets	40		1,015,343	919,153
Non-current non-financial assets	15		439,348	246,818
Total non-current assets			164,194,047	162,647,208
Total Assets	4	₩	184,024,558	181,788,915

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Interim Statements of Financial Position, Continued

As of March 31, 2018 and December 31, 2017

(Unaudited)

In millions of won	*Note*		**March 31, 2018**	**December 31, 2017**
Liabilities				
Current liabilities				
Trade and other payables, net	5,22,24,44,46	₩	6,836,478	5,999,521
Current financial liabilities, net	5,11,23,44,46		9,090,721	9,194,552
Income tax payables	40		609,309	508,402
Current non-financial liabilities	20,28,29		5,984,682	5,584,308
Current provisions	26,44		2,279,563	2,137,498
Total current liabilities			24,800,753	23,424,281
Non-current liabilities				
Non-current trade and other payables, net	5,22,24,44,46		3,217,146	3,223,480
Non-current financial liabilities, net	5,11,23,44,46		47,640,648	45,980,899
Non-current non-financial liabilities	28,29		8,136,414	8,072,434
Employee benefits liabilities, net	25,44		1,565,834	1,483,069
Deferred tax liabilities	40		10,148,615	10,415,397
Non-current provisions	26,44		16,317,102	16,224,714
Total non-current liabilities			87,025,759	85,399,993
Total Liabilities	4	₩	111,826,512	108,824,274
Equity				
Contributed capital	1,30,44			
Share capital		₩	3,209,820	3,209,820
Share premium			843,758	843,758
			4,053,578	4,053,578
Retained earnings	31			
Legal reserves			1,604,910	1,604,910
Voluntary reserves			35,906,267	34,833,844
Unappropriated retained earnings			15,144,636	16,931,804

			52,655,813	53,370,558
Other components of equity	33			
Other capital surplus			1,233,660	1,233,793
Accumulated other comprehensive loss			(314,942)	(271,457)
Other equity			13,294,973	13,294,973
			14,213,691	14,257,309
Equity attributable to owners of the controlling company			70,923,082	71,681,445
Non-controlling interests	16,32		1,274,964	1,283,196
Total Equity		₩	72,198,046	72,964,641
Total Liabilities and Equity		₩	184,024,558	181,788,915

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, 2018 and 2017

(Unaudited)

In millions of won, except per share information	*Note*	**March 31, 2018**	**March 31, 2017**
Sales	4,34,44,46		
Sales of goods		₩ 15,057,977	14,299,466
Sales of services		74,165	71,905
Sales of construction services	20	450,161	659,092
Revenue related to transfer of assets from customers		123,741	116,146
		15,706,044	15,146,609
Cost of sales	13,25,42,46		
Cost of sales of goods		(14,687,736)	(12,371,525)
Cost of sales of services		(112,391)	(96,278)
Cost of sales of construction services		(423,838)	(662,638)
		(15,223,965)	(13,130,441)
Gross profit		482,079	2,016,168
Selling and administrative expenses	25,35,42,46	(609,692)	(552,982)
Operating profit (loss)	4	(127,613)	1,463,186
Other non-operating income	36	84,827	85,416
Other non-operating expense	36	(16,901)	(36,434)
Other gains, net	37	54,056	129,012
Finance income	5,11,38	156,787	897,286
Finance expenses	5,11,39	(614,430)	(1,309,456)
Profit related to associates, joint ventures and subsidiaries	4,17		
Share in profit of associates and joint ventures		261,581	176,995
Gain on disposal of investments in associates and joint ventures			68
Share in loss of associates and joint ventures		(58,552)	(16,513)
Loss on disposal of investments in associates and joint ventures		(2,184)	
		200,845	160,550

Profit (loss) before income tax			(262,429)	1,389,560
Income tax benefit (expense)	40		11,962	(489,529)
Profit (loss) for the period		₩	(250,467)	900,031

(Continued)

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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, 2018 and 2017

(Unaudited)

In millions of won, except per share information	***Note***		**March 31, 2018**	**March 31, 2017**
Other comprehensive income (loss)	5,11,25,31,33			
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit liability, net of tax	25,31	₩	(8,084)	3,917
Share in other comprehensive income (loss) of associates and joint ventures, net of tax	31		5,410	(1,891)
Net change in fair value of equity investments at fair value through other comprehensive income	33		19,084	
Items that are or may be reclassified subsequently to profit or loss:				
Net change in the unrealized fair value of available-for-sale financial assets, net of tax	33			(1,174)
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax	5,11,33		(20,748)	(5,937)
Foreign currency translation of foreign operations, net of tax	33		(17,438)	(115,141)
Share in other comprehensive income (loss) of associates and joint ventures, net of tax	33		50,279	(103,283)
Other comprehensive income (loss), net of tax			28,503	(223,509)
Total comprehensive income (loss) for the period		₩	(221,964)	676,522
Profit (loss) attributable to:				
Owners of the controlling company	43	₩	(277,270)	866,913
Non-controlling interests			26,803	33,118
		₩	(250,467)	900,031
Total comprehensive income attributable to:				
Owners of the controlling company		₩	(246,155)	665,753
Non-controlling interests			24,191	10,769
		₩	(221,964)	676,522
Earnings (loss) per share (in won)	43			
Basic and diluted earnings (loss) per share		₩	(432)	1,350

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 periods ended March 31, 2018 and 2017

(Unaudited)

In millions of won	**Equity attributable to owners of the controlling company**				**Non-controlling interests**	**Total equity**
	Contributed capital	**Retained earnings**	**Other components of equity**	**Subtotal**		
Balance at January 1, 2017	₩ 4,053,578	53,173,871	14,496,244	71,723,693	1,326,852	73,050,545
Total comprehensive income (loss) for the period						
Profit for the period		866,913		866,913	33,118	900,031
Items that will not be reclassified subsequently to profit or loss:						
Remeasurement of defined benefit liability, net of tax		1,812		1,812	2,105	3,917
Share in other comprehensive income (loss) of associates and joint ventures, net of tax		(1,895)		(1,895)	4	(1,891)
Items that are or may be reclassified subsequently to profit or loss:						
Net change in the unrealized fair value of available-for-sale financial assets, net of tax			(1,172)	(1,172)	(2)	(1,174)
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax			(5,937)	(5,937)		(5,937)
Foreign currency translation of foreign			(90,391)	(90,391)	(24,750)	(115,141)

operations, net of tax						
Share in other comprehensive income (loss) of associates and joint ventures, net of tax			(103,577)	(103,577)	294	(103,283)
Transactions with owners of the Company, recognized directly in equity						
Dividends paid		(1,271,089)		(1,271,089)	(21,864)	(1,292,953)
Issuance of shares of capital by subsidiaries and others					(1)	(1)
Dividends paid (hybrid bond)					(4,059)	(4,059)
Balance at March 31, 2017	₩ 4,053,578	52,769,612	14,295,167	71,118,357	1,311,697	72,430,054

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Interim Statements of Changes in Equity, Continued

For the three-month periods ended March 31, 2018 and 2017

(Unaudited)

In millions of won	Equity attributable to owners of the controlling company					
	Contributed capital	Retained earnings	Other components of equity	Subtotal	Non-controlling interests	Total equity
Balance at January 1, 2018	₩ 4,053,578	53,370,558	14,257,309	71,681,445	1,283,196	72,964,641
Effect of change in accounting policy		71,928	(76,851)	(4,923)		(4,923)
Adjusted balance at January 1, 2018	4,053,578	53,442,486	14,180,458	71,676,522	1,283,196	72,964,641
Total comprehensive income (loss) for the period						
Profit (loss) for the period		(277,270)		(277,270)	26,803	(250,467)
Items that will not be reclassified subsequently to profit or loss:						
Remeasurement of defined benefit liability, net of tax		(7,652)		(7,652)	(432)	(8,084)
Share in other comprehensive income of associates and joint ventures, net of tax		5,401		5,401	9	5,410
Net change in fair value of equity investments at fair value through other comprehensive income			19,085	19,085	(1)	19,084
Items that are or may be reclassified subsequently to profit or loss:						
Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax			(20,748)	(20,748)		(20,748)

Foreign currency translation of foreign operations, net of tax			(15,248)	(15,248)	(2,190)	(17,438)
Share in other comprehensive income of associates and joint ventures, net of tax			50,277	50,277	2	50,279
Transactions with owners of the Company, recognized directly in equity						
Dividends paid		(507,152)		(507,152)	(35,291)	(542,443)
Issuance of shares of capital by subsidiaries and others			(133)	(133)	6,168	6,035
Changes in consolidation scope					46	46
Dividends paid (hybrid bond)					(3,346)	(3,346)
Balance at March 31, 2018	₩ 4,053,578	52,655,813	14,213,691	70,923,082	1,274,964	72,198,046

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, 2018 and 2017

(Unaudited)

In millions of won		**March 31, 2018**	**March 31, 2017**
Cash flows from operating activities			
Profit (loss) for the period	₩	(250,467)	900,031
Adjustments for:			
Income tax expense (benefit)		(11,962)	489,529
Depreciation		2,456,076	2,369,838
Amortization		30,069	34,023
Employee benefit expense		88,575	90,580
Bad debt expense		20,862	7,955
Interest expense		462,385	440,954
Loss on sale of financial assets			1,038
Loss on disposal of property, plant and equipment		3,429	3,675
Loss on abandonment of property, plant, and equipment		128,779	94,305
Loss on disposal of intangible assets		2	
Increase to provisions		375,716	510,013
Gain on foreign currency translation, net		(9,846)	(700,819)
Loss on valuation of financial assets at FVTPL		468	
Valuation and transaction loss on derivative instruments, net		62,056	743,089
Share in income of associates and joint ventures, net		(203,029)	(160,482)
Gain on sale of financial assets			(494)
Gain on disposal of property, plant and equipment		(14,366)	(11,029)
Gain on disposal of intangible assets			(463)
Gain on disposal of investments in associates and joint ventures			(68)
Loss on disposal of investments in associates and joint ventures		2,184	
Interest income		(50,678)	(54,457)
Dividend income		(8,107)	(9,677)
Others, net		2,468	6,610
		3,335,081	3,854,120
Changes in:			
Trade receivables		1,050,573	1,112,414
Non-trade receivables		39,971	41,927
Accrued income		156,933	(50,930)
Other receivables		3,752	3,729

Other current assets	(369,537)	(120,754)
Inventories	(164,688)	(302,233)
Other non-current assets	(133,258)	(13,048)
Trade payables	71,386	(516,617)
Non-trade payables	144,499	(164,995)
Accrued expenses	(215,813)	(61,172)
Other payables	(291)	
Other current liabilities	606,374	148,256
Other non-current liabilities	154,769	227,729
Investments in associates and joint ventures (dividends received)	19,822	13,260
Provisions	(236,306)	(248,582)
Payments of employee benefit obligations	(26,059)	(23,265)
Plan assets	(234)	
	1,101,893	45,719

(Continued)

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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, 2018 and 2017

(Unaudited)

In millions of won	**March 31, 2018**	**March 31, 2017**
Cash generated from operating activities	₩ 4,186,507	4,799,870
Dividends received (available-for-sale financial assets)	1,583	1,323
Interest paid	(433,588)	(470,114)
Interest received	41,002	44,329
Income taxes paid	(160,371)	(989,289)
Net cash from operating activities	3,635,133	3,386,119
Cash flows from investing activities		
Proceeds from disposals of associates and joint ventures		681
Acquisition of associates and joint ventures	(137,552)	(116,618)
Proceeds from disposals of property, plant and equipment	24,767	37,155
Acquisition of property, plant and equipment	(3,212,009)	(3,569,106)
Proceeds from disposals of intangible assets		2,689
Acquisition of intangible assets	(24,251)	(16,375)
Proceeds from disposals of financial assets	933,393	1,713,211
Acquisition of financial assets	(1,826,249)	(1,384,357)
Increase in loans	(86,796)	(190,519)
Collection of loans	38,681	25,931
Increase in deposits	(85,112)	(80,028)
Decrease in deposits	49,304	28,107
Receipt of government grants	5,689	24,640
Other cash inflow (outflow) from investing activities, net	20,209	(578)
Net cash used in investing activities	(4,299,926)	(3,525,167)
Cash flows from financing activities		
Proceeds from short-term borrowings, net	571,300	1,642,339
Proceeds from long-term borrowings and debt securities	3,160,771	1,860,683
Repayment of long-term borrowings and debt securities	(2,199,149)	(3,166,110)
Payment of finance lease liabilities	(34,303)	(31,039)
Settlement of derivative instruments, net	(6,011)	18,898
Change in non-controlling interest	6,271	6
Dividends paid (hybrid bond)	(4,415)	(4,059)

Dividends paid	(14)	(5,116)
Other cash outflow from financing activities, net	(242)	
Net cash from financing activities	1,494,208	315,602
Net increase in cash and cash equivalents before effect of exchange rate fluctuations	829,415	176,554
Effect of exchange rate fluctuations on cash held	172,692	(40,267)
Net increase in cash and cash equivalents	1,002,107	136,287
Cash and cash equivalents at January 1	2,369,739	3,051,353
Effect of change in accounting policy	(791,324)	
Cash and cash equivalents at March 31	₩ 2,580,522	3,187,640

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 Statements

March 31, 2018

(Unaudited)

1. Reporting Entity (Description of the controlling company)

Korea Electric Power Corporation (KEPCO), the controlling company as defined in Korean International Financial Reporting Standards (K-IFRS) 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. KEPCO also provides power plant construction services. KEPCO s stock was listed on the Korea Stock Exchange on August 10, 1989 and KEPCO listed its Depository Receipts (DR) on the New York Stock Exchange on October 27, 1994. KEPCO s head office is located in Naju, Jeollanam-do.

As of March 31, 2018, KEPCO s share capital amounts to W3,209,820 million and KEPCO s shareholders are as follows:

	Number of shares	Percentage of ownership
Government of the Republic of Korea	116,841,794	18.20%
Korea Development Bank	211,235,264	32.90%
Other (*)	313,887,019	48.90%
	641,964,077	100.00%

(*) The number of shares held by foreign shareholders are 192,639,015 shares (30.01%) as of the most recent closing date of Register of Shareholders (March 15, 2018).

In accordance with the Restructuring Plan enacted on January 21, 1999 by the Ministry of Trade, Industry and Energy, 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

These consolidated interim financial statements have been prepared in accordance with K-IFRS 1034 Interim Financial Reporting as part of the period covered by KEPCO and subsidiaries (the Company) K-IFRS annual financial statements.

(2) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the consolidated statements 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 (Won), which is KEPCO s functional currency and the currency of the primary economic environment in which the Company operates.

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

March 31, 2018

(Unaudited)

2. Basis of Preparation, Continued

(4) Use of estimates and judgments

The preparation of the consolidated 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 followings 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) Useful lives of property, plant and equipment, and estimations on provision for decommissioning costs

The Company 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 Company records the fair value of estimated decommissioning costs as a liability in the period in which the Company 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. The Company 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.

(ii) Deferred tax

The Company 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 Company does not realize estimated future taxable income during the carryforward periods.

(iii) Valuations of financial instruments at fair values

The Company s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of K-IFRS including the level in the fair value hierarchy in which such valuation techniques should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(iv) Defined employee benefit liabilities

The Company 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. Defined benefit plans contain significant uncertainties in estimations due to its long-term nature (refer to note 25).

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

March 31, 2018

(Unaudited)

2. Basis of Preparation, Continued

(4) Use of estimates and judgments, continued

(v) Unbilled revenue

Energy delivered but not metered nor billed is calculated at the reporting date and is estimated 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 consumptions and prices based on statistics. Unbilled revenue recognized as of March 31, 2018 and 2017 are ₩1,344,125 million and ₩1,347,431 million, respectively.

(vi) Construction contracts

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 utilizing the cost-based input method at the end of the reporting period. In applying the cost-based input method, it is necessary to use estimates and assumptions related to the total estimated costs expected to be incurred in the future, costs incurred which are not related to construction progress, changes in costs due to change of contract or design, etc. Total contract revenue is measured based on an agreed contract price; however, it may fluctuate due to the variation of construction work. The measurement of contract revenue is affected by various uncertainties resulting from unexpected future events.

(vii) Continuing operation of Wolsong Unit 1 nuclear power plant

Wolsong unit 1 nuclear power plant of the Company commenced operations on November 21, 1982 and its 30-year of designed life expired on November 20, 2012. On February 27, 2015, the Nuclear Safety and Security Commission (NSSC) evaluated the safety of operation on the Wolsong Unit 1 nuclear power plant and approved to continue its operation until November 20, 2022. As described in note 49, the lawsuit related to the validity of the approval of NSSC is currently ongoing.

According to the Eighth Basic Plan for Electricity Supply and Demand by the Ministry of Trade, Industry and Energy, Wolsong Unit 1 nuclear power plant is expected to go through a comprehensive evaluation for the feasibility of continuous operation including economic efficiency and acceptability of household and community in 2018.

The Korean government plans to refund to the Company for reasonable expenditures incurred in relation to the phase-out of nuclear power plants in accordance with the energy transformation policy established by Korean government. In doing so, after discussions with relevant government agencies and upon approval by the Congress, the Korean government is considering to use available resource including utilizing relevant fund to make the refund. Also, Korean government plans to establish relevant legal basis of providing refund including utilizing available resource, if necessary.

(5) Changes in accounting policies

The Company has newly applied the following new standards for annual periods beginning on January 1, 2018.

(i) K-IFRS 1109 Financial Instruments

The Company has adopted K-IFRS 1109 Financial Instruments , since January 1, 2018. K-IFRS 1109 sets out the requirements for recognizing and measuring financial assets, financial liabilities and certain contracts to buy or sell non-financial items. It replaces existing guidance in K-IFRS 1039 Financial Instruments: Recognition and Measurement .

The Company has taken an exemption not to restate comparative information for prior periods upon adoption of K-IFRS 1109. Accordingly, the information presented for 2017 has not been restated and differences in the carrying amounts of financial assets resulting from the adoption of K-IFRS 1109 are recognized in retained earnings at January 1, 2018.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

March 31, 2018

(Unaudited)

2. Basis of Preparation, Continued

(5) Changes in accounting policies, continued

Based on the result of the detailed assessment, the impacts on the Company s financial assets (excluding derivative instruments) on the date of initial application (January 1, 2018) are as follows:

In millions of won

Original classification under K-IFRS 1039	New classification under K-IFRS 1109		Original carrying amount under K-IFRS 1039	New carrying amount under K-IFRS 1109
Financial assets at FVTPL	FVTPL	₩	111,512	111,512
Loans and receivables	Amortized cost		15,203,663	14,405,570
Loans and receivables	FVTPL			791,324
Available-for-sale financial assets	FVOCI		699,833	476,941
Available-for-sale financial assets	FVTPL			222,892
Held-to-maturity investments	Amortized cost		3,144	3,144
Total financial assets (excluding derivative instruments)		₩	16,018,152	16,011,383

The impacts on the Company s equity including retained earnings on the date of initial application (January 1, 2018) are as follows:

In millions of won

	Equity attributable to owners of the controlling company			
Type	Retained earnings	Other components of equity	Non-controlling interests	Total equity

Reclassification of cumulative gain or loss of available-for-sale financial assets	₩ 76,851	(76,851)	
Remeasurement of expected credit loss			
- Trade and other receivables	(6,769)		(6,769)
- Income tax effect	1,846		1,846
Total	₩ 71,928	(76,851)	(4,923)

The detailed accounting policies under K-IFRS 1109 are described in note 3.(21).

(ii) K-IFRS 1115 Revenue from Contracts with Customers

K-IFRS 1115 sets out a comprehensive framework for determining whether revenue is recognized, the extent of revenue recognized, and when revenue is recognized. It replaces existing revenue recognition guidance, including K-IFRS 1018 Revenue , K-IFRS 1011 Construction Contracts , K-IFRS 2031 Revenue-Barter Transactions Involving Advertising Services , K-IFRS 2113 Customer Loyalty Programs , K-IFRS 2115 Agreements for the Construction of Real Estate , K-IFRS 2118 Transfers of Assets from Customers .

The Company has retrospectively applied and recognized the cumulative effect of the adoption of K-IFRS 1115 at the date of initial application (January 1, 2018) and has retrospectively applied K-IFRS 1115 to only those contracts that were not completed as of the date of initial application (January 1, 2018). Accordingly, the Company has not restated the comparative periods.

The Company believes that there is no significant impact on the Company s consolidated interim financial statements. The detailed accounting policies under K-IFRS 1115 are described in note 3.(7).

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

March 31, 2018

(Unaudited)

2. Basis of Preparation, Continued

(6) New standards and amendments not yet adopted

(i) K-IFRS 1116 Lease

K-IFRS 1116 replaces K-IFRS 1017 Lease and K-IFRS 2104 Determining whether an Arrangement contains a Lease . This standard is effective for annual reporting periods beginning on or after January 1, 2019, with early adoption permitted if K-IFRS 1115 Revenue from Contracts with Customers has also been applied.

Under K-IFRS 1116, a lessee shall apply this standard to its leases either:

(a) retrospectively to each prior reporting period presented applying K-IFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors ; or

(b) retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application.

The Company has not yet determined the transition approach for K-IFRS 1116.

K-IFRS 1116 provides a single lessee accounting model in which the lessee recognizes lease related assets and liabilities in the statement of financial position. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Lease recognition may be exempted for short-term leases and leases for which the underlying asset is of low value. Accounting for a lessor is similar to the existing standard that classifies each of its leases as either an operating lease or a finance lease.

Upon adoption of K-IFRS 1116, the nature of the costs associated with the lease will change as the operating lease payments recognized based on a straight-line basis will change to depreciation expense of a right-of-use asset and interest expense of the lease liability and no significant impact is expected on the Company s finance lease.

The Company plans to conduct a detailed assessment of the potential impact from the application of K-IFRS 1116 during the year ending December 31, 2018.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

March 31, 2018

(Unaudited)

3. Significant Accounting Policies

The significant accounting policies applied by the Company in preparation of its consolidated financial statements are included below. Except as described in note 2.(5), the accounting policies applied by the Company in these consolidated financial statements are the same as those applied by the Company in its consolidated financial statements as of and for the year ended December 31, 2017.

(1) Basis of consolidation

The consolidated financial statements are the financial statements of a group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity. Subsidiaries are controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Income and expense 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 Company 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 of the Company.

Transactions within the Company are eliminated during the consolidation.

Changes in the Company s ownership interests in a subsidiary that do not result in the Company losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Company 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 Company.

When the Company 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 Company 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 1109 Financial Instruments 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 Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are generally recognized in income or loss as incurred.

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

March 31, 2018

(Unaudited)

3. Significant Accounting Policies, Continued

(2) Business combinations, continued

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.

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 entitles the holder to a proportionate share of the entity s net assets in an event of liquidation, 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 other K-IFRSs.

When the consideration transferred by the Company 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 re-measured 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 re-measured at subsequent reporting dates in accordance with K-IFRS 1109 Financial Instruments , or with K-IFRS 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 Company s previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (i.e. the date when the Company 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 Company 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.

The assets and liabilities acquired under business combinations under common control are recognized at the carrying amounts recognized previously in the consolidated financial statements of the ultimate parent. The difference between consideration transferred and carrying amounts of net assets acquired is recognized as part of share premium.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

March 31, 2018

(Unaudited)

3. Significant Accounting Policies, Continued

(3) Investments in associates

An associate is an entity over which the Company 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. If the Company holds 20% ~ 50% of the voting power of the investee, it is presumed that the Company has significant influence.

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 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. After the disposal takes place, the Company shall account for any retained interest in associates in accordance with K-IFRS 1109 Financial Instruments 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 Company s share of the income or loss and other comprehensive income of the associate. When the Company s share of losses of an associate exceeds the Company s interest in that associate (which includes any long-term interests that, in substance, form part of the Company s net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Company 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 Company 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.

Upon disposal of an associate that results in the Company 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 1109. 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 Company 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 Company reclassifies the gain or loss from equity to income or loss (as a reclassification adjustment) when it loses significant influence over that associate.

The requirements of K-IFRS 1028 Investments in Associates and Joint Ventures are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company 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 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 1036 to the extent that the recoverable amount of the investment subsequently increases.

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

March 31, 2018

(Unaudited)

3. Significant Accounting Policies, Continued

(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 ventures) have rights to the net assets of the arrangement.

If the Company is a joint operator, the Company is 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. If the joint arrangement is a joint venture, the Company is to account for that investment using the equity method accounting in accordance with K-IFRS 1028 Investment in Associates and Joint Ventures (refer to note 3.(3)), except when the Company is applicable to the K-IFRS 1105 Non-current Assets Held for Sale .

(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 Company 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 Company 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) Goodwill

The Company measures goodwill which acquired in a business combination at the amount recognized at the date on which it obtains control of the acquiree (acquisition date) less any accumulated impairment losses. Goodwill acquired in a business combination is allocated to each CGU that is expected to benefit from the synergies arising from the business acquired.

The Company assesses at the end of each reporting period and whenever there is an indication that the asset may be impaired. An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

Any impairment identified at the CGU level will first reduce the carrying value of goodwill and then be used to reduce the carrying amount of the other assets in the CGU on a pro rata basis. Except for impairment losses in respect of goodwill which are never reversed, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

March 31, 2018

(Unaudited)

3. Significant Accounting Policies, Continued

(7) Revenue from Contracts with Customers

The Company recognizes revenue by applying the five-step approach (Step 1: Identify the contract(s) with a customer, Step 2: Identify the performance obligations in the contract, Step 3: Determine the transaction price, Step 4: Allocate the transaction price to the performance obligations in the contract, Step 5: Recognize revenue when the entity satisfied a performance obligation).

(i) Identify the performance obligations in the contract

The Company is engaged in the generation, transmission and distribution of electricity and development of electric power resources, and electricity sales revenue accounts for 95.8% of consolidated revenue for the three-month period ended March 31, 2018.

Under K-IFRS 1115, supplying electricity is a series of distinct goods or services identified as a single performance obligation. The Company is also engaged in contracts with customers for transmission and distribution, provision of power generation byproducts, EPC business, O&M, etc. that are identified as different performance obligations for each contract.

(ii) Variable consideration

The Company may be subject to a variation of consideration paid by the customer due to the progressive electricity billing system, discounts on electricity bills for policy purposes, penalties and delinquent payment, etc. The Company estimates an amount of variable consideration by using the expected value method that the Company expects to better predict the amount of consideration to which it will be entitled, and includes in the transaction price some or all of an amount of variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(iii) Performance obligations satisfied over time

The Company satisfies its performance obligations for contracts such as EPC business, O&M, etc. over time. The Company recognizes revenue based on the percentage-of-completion on a reasonable basis.

The Company recognizes revenue over time if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the Company s performance as the entity performs;

(b) the Company s performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Company s performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

March 31, 2018

(Unaudited)

3. Significant Accounting Policies, Continued

(8) Leases

The Company classifies and accounts for leases as either a finance or operating lease, depending on the terms. Leases where the Company 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 Company as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company 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 Company 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 Company 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 Company 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 Company 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.

(iii) Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

March 31, 2018

(Unaudited)

3. Significant Accounting Policies, Continued

(9) Foreign currencies

Transactions in foreign currencies are translated to the respective functional currencies of the Company 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 (refer to note 3.(23) Derivative financial instruments, including hedge accounting); and

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 Company 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 gain or loss on disposal.

(10) Borrowing costs

The Company 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.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

March 31, 2018

(Unaudited)

3. Significant Accounting Policies, Continued

(11) Government grants

Government grants are not recognized unless there is reasonable assurance that the Company 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 Company received grants related to assets

Government grants whose primary condition is that the Company 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 Company received grants related to income

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

(12) Employee benefits

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

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 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. However, if there is not a deep market, market yields on government bonds are used.

Net defined benefit liability s measurement is composed of actuarial gains and losses, return on plan assets excluding net interest on net defined benefit liability, and any change in the effect of the asset ceiling, excluding net interest, which are immediately recognized in other comprehensive income. The actuarial gains or losses recognized in other comprehensive income which will not be reclassified into net profit or loss for later periods are immediately recognized in retained earnings. Past service cost will be recognized as expenses upon the earlier of the date of change or reduction to the plan, or the date of recognizing termination benefits.

The retirement benefit obligation recognized in the 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.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

March 31, 2018

(Unaudited)

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 Company 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 Company 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 Company 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 Company 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 Company 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.

(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.

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

March 31, 2018

(Unaudited)

3. Significant Accounting Policies, Continued

(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 Company 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 Company uses the production method to measure and recognizes as expense the economic benefits of the assets.

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

	Useful lives (years)
Buildings	8 ~ 40
Structures	8 ~ 50
Machinery	2 ~ 32
Vehicles	3 ~ 8
Loaded heavy water	30
Asset retirement costs	18, 30, 40, 60
Finance lease assets	6 ~ 32
Ships	9
Others	4 ~ 15

A component that is significant compared to the total cost of property, plant and equipment is depreciated over its separate useful life.

Depreciation methods, residual values and useful lives of property, plant and equipment are reviewed at the end of each reporting period and if change is deemed appropriate, it is treated as a change in accounting estimate.

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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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

March 31, 2018

(Unaudited)

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 Company 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.

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

March 31, 2018

(Unaudited)

3. Significant Accounting Policies, Continued

(16) Intangible assets, continued

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

	Useful lives (years)	Amortization methods
Usage rights for donated assets	10 ~ 20	Straight line
Software	4, 5	Straight line
Industrial rights	5 ~ 10	Straight line
Development expenses	5	Straight line
Leasehold rights	10	Straight line
Others	3 ~ 50	Straight line
Mining right	-	Unit of production

(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 are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in income or loss when the asset is derecognized.

(17) Greenhouse gas emissions rights (allowances) and obligations

In connection with Enforcement of Allocation and Trading of Greenhouse Gas Emissions Allowances, the Company applies the following accounting policies for greenhouse gas emissions rights and obligations.

(i) Greenhouse gas emissions rights

Greenhouse gas emissions rights consist of the allowances received free of charge from the government and the ones purchased. The cost of the greenhouse gas emissions rights includes expenditures arising directly from the acquisition and any other costs incurred during normal course of the acquisition.

Greenhouse gas emissions rights are held by the Company to fulfill the legal obligation and recorded as intangible assets. To the extent that the portion to be submitted to the government within one year from the end of reporting period, the greenhouse gas emissions rights are classified as current assets. Greenhouse gas emissions rights recorded as intangible assets are initially measured at cost and substantially remeasured at cost less accumulated impairment losses.

Greenhouse gas emissions rights are derecognized on submission to the government or when no future economic benefits are expected from its use or disposal.

(ii) Greenhouse gas emissions obligations

Greenhouse gas emissions obligations are the Company s present legal obligation to submit the greenhouse gas emissions allowances to the government and recognized when an outflow of resources is probable and a reliable estimate can be made of the amount of the obligation. Greenhouse gas emissions obligations are measured as the sum of the carrying amount of the allocated rights that will be submitted to the government and the best estimate of expenditure required to settle the obligation at the end of the reporting period for any excess emission.

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

March 31, 2018

(Unaudited)

3. Significant Accounting Policies, Continued

(18) Impairment of non-financial assets other than goodwill

At the end of each reporting period, the Company 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 Company 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.

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 profit 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, to the extent 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 profit 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.

(19) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost of inventories for inventories in transit are measured by using specific identification method. 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.

(20) Provisions

Provisions are recognized when the Company 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.

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

March 31, 2018

(Unaudited)

3. Significant Accounting Policies, Continued

(20) Provisions, continued

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 employment benefits

The Company determines the provision for employment benefits as the incentive payments based on the results of the individual performance evaluation or management assessment.

(ii) Provision for decommissioning costs of nuclear power plants

The Company records the fair value of estimated decommissioning costs as a liability in the period in which the Company 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 Company is levied to pay the spent nuclear fuel fund for the management of spent nuclear fuel. The Company recognizes the provision of present value of the payments.

(iv) Provision for low and intermediate radioactive wastes

Under the Radioactive Waste Management Act, the Company 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) Provision for Polychlorinated Biphenyls (PCBs)

Under the regulation of Persistent Organic Pollutants Management Act, enacted in 2007, the Company is required to remove PCBs, a toxin, from the insulating oil of its transformers by 2025. As a result of the enactments, the Company is required to inspect the PCBs contents of transformers and dispose of PCBs in excess of safety standards under the legally settled procedures. The Company 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.

(vi) Provisions 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. The Company recognizes the provision in relation to power plant regional support program.

(vii) Provisions for transmission and transformation facilities-neighboring areas support program

The Company has present obligation to conduct transmission and transformation facilities-neighboring areas support program under Act on assistance to transmission and transformation facilities-neighboring areas. The Company recognizes the provision of estimated amount to fulfill the obligation.

(viii) Renewable Portfolio Standard (RPS) provisions

RPS program is required to generate a specified percentage of total electricity to be generated in the form of renewable energy and provisions are recognized for the governmental regulations to require the production of energies from renewable energy sources such as solar, wind and biomass.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

March 31, 2018

(Unaudited)

3. Significant Accounting Policies, Continued

(21) Financial instruments

The Company recognizes financial assets and financial liabilities in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Upon initial recognition, financial assets and financial liabilities are measured at their fair value plus, in the case of a financial asset or financial liabilities 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. The Company derecognizes financial liabilities (or part of financial liabilities) when, and only when, the Company s obligations are discharged, cancelled or they expire.

(i) Classification and measurement of financial assets

The Company classifies financial assets into three principal categories; measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) based on the business model in which assets are managed and their cash flow characteristics. The company assesses the hybrid financial instrument in which derivatives embedded as whole for classification.

	Cash flow characteristics	
Business model	Solely payments of principal and interest (SPPI)	Other than SPPI
To collect contractual cash flows	Amortized cost	
Both collecting contractual cash flows and selling financial assets	FVOCI (*1)	FVTPL (*2)
To sell financial assets	FVTPL	

(*1)

To eliminate or reduce an accounting mismatch, the Company may elect to recognize the amount of change in fair value in profit or loss.

(*2) For equity investment that is not held for trading, the Company may elect to present subsequent changes in fair value in OCI.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: 1) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and 2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: 1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and 2) the contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding. On initial recognition of equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI, and will not reclassify(recycle) the those items in OCI to profit or loss subsequently.

A financial asset is measured at FVTPL if the contractual terms of the financial asset give rise to specified dates to cash flows that are not solely payments of principal and interest on the principal amount outstanding, the debt instrument is held within a business model whose objective is to sell the asset, or the equity instruments that are not elected to be designated as measured at FVOCI.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial 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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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

March 31, 2018

(Unaudited)

3. Significant Accounting Policies, Continued

(21) Financial instruments, continued

(ii) Classification and measurement of financial liabilities

The amount of change in the fair value attributable to the changes in the credit risk of the financial liabilities is presented in OCI, not recognized in profit or loss, and the OCI amount will not be reclassified (recycled) to profit or loss. However, if doing so creates or increase an accounting mismatch, the amount of change in the fair value is recognized in profit or loss.

(iii) Impairment: Financial assets and contract assets

The Company applies a forward-looking expected credit loss (ECL) model for debt instruments, lease receivables, contractual assets, loan commitments, financial guarantee contracts.

The Company recognizes loss allowances measured on either of the 12-month or lifetime ECL based on the extent of increase in credit risk since inception as shown in the below table.

	Classification	Loss allowances
Stage 1	Credit risk has not increased significantly since the initial recognition	12-month ECL: ECLs that resulted from possible default events within the 12 months after the reporting date
Stage 2	Credit risk has increased significantly since the initial recognition	Lifetime ECL: ECL that resulted from all possible default events over the expected life of a financial instrument
Stage 3	Credit-impaired	

Under K-IFRS 1109, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables or contract assets that result from transactions that are within the scope of K-IFRS 1115 and that do not contain a significant financing component in accordance with K-IFRS 1115 and if the trade receivables or contract assets include a significant financing component, the Company may choose as its accounting policy to measure the loss allowance at an amount equal to lifetime expected credit losses.

The Company has chosen to measure the loss allowance at an amount equal to lifetime expected credit losses for the trade receivables, contract assets and lease receivables that contain a significant financing component.

(22) Service Concession Arrangements

The Company recognizes revenues from construction services and operating services related to service concession arrangements in accordance with K-IFRS 1115 Revenue from Contracts with Customers . If the Company performs more than one service under a single contract or arrangement, consideration received or receivable is allocated by reference to the relative stand-alone selling price basis of the services delivered, when such performance obligations are separately identifiable.

The Company recognizes a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset for the construction services and an intangible asset to the extent that it receives a right (license) to charge users of the public service. Borrowing costs attributable to the arrangement are recognized as an expense in the period in which they are incurred unless the Company has a contractual right to receive an intangible asset (a right to charge users of the public service). In this case, borrowing costs attributable to the arrangement are capitalized during the construction phase of the arrangement.

(23) Derivative financial instruments, including hedge accounting

The Company 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.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

March 31, 2018

(Unaudited)

3. Significant Accounting Policies, Continued

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

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.

(ii) Hedge accounting

The Company 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 Company 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 Company 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. 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 Company 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.

KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

March 31, 2018

(Unaudited)

4. Segment, Geographic and Other Information

(1) Segment determination and explanation of the measurements

The Company s operating segments are its business components that generate discrete financial information that is reported to and regularly reviewed by the Company s the chief operating decision maker, the Chief Executive Officer, for the purpose of resource allocation and assessment of segment performance. The Company s reportable segments are Transmission and distribution , Electric power generation (Nuclear) , Electric power generation (Non-nuclear) , Plant maintenance & engineering service and Others ; others mainly represent the business unit that manages the Company s foreign operations.

Segment operating profit (loss) is determined the same way that consolidated operating profit is determined under K-IFRS without any adjustment for corporate allocations. The accounting policies used by each segment are consistent with the accounting policies used in the preparation of the consolidated financial statements. Segment assets and liabilities are determined based on separate financial statements of the entities instead of on a consolidated basis. There are various transactions between the reportable segments, including sales of property, plant and equipment and so on, that are conducted on an arms-length basis at market prices that would be applicable to an independent third-party. For subsidiaries which are in a different segment from that of its immediate parent company, their carrying amount in separate financial statements is eliminated in the consolidating adjustments in the tables below. In addition, consolidation adjustments in the table below include adjustments of the amount of investment in associates and joint ventures from the cost basis amount reflected in segment assets to that determined using equity method in the consolidated financial statements.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

March 31, 2018

(Unaudited)

4. Segment, Geographic and Other Information, Continued

(2) Financial information of the segments for the three-month periods ended March 31, 2018 and 2017, respectively, are as follows:

In millions of won

March 31, 2018

Segment	Total segment revenue	Intersegment revenue	Revenue from external customers	Operating Profit (loss)	Depreciation and amortization	Interest income	Interest expense	Profit (loss) related assoc joint ventures and subsid
Transmission and distribution	₩ 15,563,743	371,043	15,192,700	(1,442,122)	880,413	15,213	174,801	200,023
Electric power generation (Nuclear)	1,962,306	1,952,888	9,418	181,878	763,621	2,495	125,688	1,077
Electric power generation (Non-nuclear)	7,725,692	7,431,070	294,622	1,229,630	814,588	5,810	140,609	(70)
Plant maintenance & engineering service	524,530	453,640	70,890	32,779	28,433	2,851	1,262	(185)
Others	260,082	121,668	138,414	36,726	13,202	39,059	26,012	
Consolidation adjustments	(10,330,309)	(10,330,309)		(166,504)	(14,112)	(14,750)	(5,987)	
	₩ 15,706,044		15,706,044	(127,613)	2,486,145	50,678	462,385	200,845

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

March 31, 2018

(Unaudited)

4. Segment, Geographic and Other Information, Continued

(2) Financial information of the segments for the three-month periods ended March 31, 2018 and 2017, respectively, are as follows, continued:

In millions of won

	March 31, 2017							
Segment	**Total segment revenue**	**Intersegment revenue**	**Revenue from external customers**	**Operating profit (loss)**	**Depreciation and amortization**	**Interest income**	**Interest expense**	**Profit (loss) related associ and joint ventures**
Transmission and distribution	₩ 15,193,328	497,725	14,695,603	(783,980)	842,622	11,561	188,846	152,071
Electric power generation (Nuclear)	2,668,468	2,658,386	10,082	738,402	852,147	3,908	121,876	(246)
Electric power generation (Non-nuclear)	6,789,103	6,559,467	229,636	1,521,498	688,657	3,581	110,766	9,292
Plant maintenance & engineering service	533,405	437,985	95,420	45,326	27,181	2,761	781	(567)
Others	135,240	19,372	115,868	19,919	6,519	38,707	22,606	
Consolidation adjustments	(10,172,935)	(10,172,935)		(77,979)	(13,265)	(6,061)	(3,921)	
	₩ 15,146,609		15,146,609	1,463,186	2,403,861	54,457	440,954	160,550

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

March 31, 2018

(Unaudited)

4. Segment, Geographic and Other Information, Continued

(3) Information related to segment assets and segment liabilities as of and for the three-month period ended March 31, 2018 and as of and for the year ended December 31, 2017 are as follows:

In millions of won

	March 31, 2018				
Segment		**Segment assets**	**Investments in associates and joint ventures**	**Acquisition of non-current assets**	**Segment liabilities**
Transmission and distribution	₩	107,193,746	3,684,581	2,151,261	52,537,753
Electric power generation (Nuclear)		55,359,977	32,124	349,112	29,815,280
Electric power generation (Non-nuclear)		48,919,002	1,940,322	569,168	26,716,624
Plant maintenance & engineering service		3,342,681	47,752	15,888	1,307,652
Others		7,997,336		127,250	3,062,823
Consolidation adjustments		(38,788,184)		23,581	(1,613,620)
Consolidated totals	₩	184,024,558	5,704,779	3,236,260	111,826,512

In millions of won

	December 31, 2017				
Segment		**Segment assets**	**Investments in associates and joint ventures**	**Acquisition of non-current assets**	**Segment liabilities**
Transmission and distribution	₩	106,540,154	3,366,309	6,606,512	50,757,798
Electric power generation (Nuclear)		55,011,096	11,843	2,083,967	29,252,816
Electric power generation (Non-nuclear)		47,938,084	1,904,224	3,250,524	26,337,295

Plant maintenance & engineering service	3,273,959	48,320	145,779	1,176,627
Others	7,798,400		569,447	3,013,743
Consolidation adjustments	(38,772,778)		23,616	(1,714,005)
Consolidated totals	₩ 181,788,915	5,330,696	12,679,845	108,824,274

(4) Geographic information

Electricity sales, the main operations of the Company, are conducted in the Republic of Korea where the controlling company is located. The following information on revenue from external customers and non-current assets is determined by the location of the customers and the assets:

In millions of won	**Revenue from external customers**		**Non-current assets (*2)**	
Geographical unit	**March 31, 2018**	**March 31, 2017**	**March 31, 2018**	**March 31, 2017**
Domestic	₩ 15,131,391	14,375,352	154,709,077	153,436,810
Overseas (*1)	574,653	771,257	4,595,902	4,497,535
	₩ 15,706,044	15,146,609	159,304,979	157,934,345

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

(5) Information on significant customers

There is no individual customer comprising more than 10% of the Company s revenue for the three-month periods ended March 31, 2018 and 2017.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements, Continued

March 31, 2018

(Unaudited)

5. Classification of Financial Instruments

(1) Classification of financial assets as of March 31, 2018 and December 31, 2017 are as follows:

In millions of won	March 31, 2018				
	Financial assets measured at FVTPL	Financial assets measured at amortized cost	Financial assets measured at FVOCI	Derivative assets (applying hedge accounting)	Total
Current assets					
Cash and cash equivalents	₩	2,580,522			2,580,522
Current financial assets					
Held-to-maturity investments		70			70
Financial assets at fair value through profit or loss	1,794,615				1,794,615
Derivative assets	407			3,376	3,783
Other financial assets		1,517,092			1,517,092
Trade and other receivables		6,937,378			6,937,378
	1,795,022	11,035,062		3,376	12,833,460
Non-current assets					
Non-current financial assets					
Financial assets at fair value through profit or loss	336,654				336,654
Available-for-sale financial assets	254,267		505,206		759,473
Held-to-maturity investments		3,148			3,148
Derivative assets	4,380			9,146	13,526
Other financial assets		1,044,483			1,044,483
Trade and other receivables		1,716,441			1,716,441
	595,301	2,764,072	505,206	9,146	3,873,725
	₩ 2,390,323	13,799,134	505,206	12,522	16,707,185

In millions of won	December 31, 2017
	Financial assets at fair value through profit or loss