



FY2003 (1Q) Earnings Release

IR , KTFreetel

Contents

- **Financial Performance**
- Business Performance

FY2003-1Q Profit & Loss

(Unit : KRW Mn)

Descriptions	1Q-03	1Q-02	Change(%)	4Q-2002	Change(%)
I. Operating Income	195,387	232,511	-16.0%	186,994	4.5%
1. PCS & Others					
Revenue	1,025,187	1,025,619	0.0%	1,100,101	-6.8%
<i>PCS service</i>	763,550	765,280	-0.2%	815,219	-6.3%
<i>Interconnection</i>	195,963	210,917	-7.1%	219,233	-10.6%
<i>Resale</i>	51,114	37,606	35.9%	52,216	-2.1%
<i>Other rev. (700, 114)</i>	1,527	1,046	46.0%	1,282	19.1%
<i>Others</i>	13,033	10,770	21.0%	12,150	7.3%
Cost	828,914	796,339	4.1%	913,132	-9.2%
Net	196,273	229,280	-14.4%	186,969	5.0%
2. Handset					
Revenue	182,502	302,400	-39.6%	271,086	-32.7%
Cost of sales	183,389	299,169	-38.7%	271,061	-32.3%
Net	887	3,231	-127.5%	25	-3648.0%
II. Non-operating items	89,025	38,220	132.9%	89,117	-0.1%
1. Net of interest	68,687	50,835	35.1%	56,883	20.8%
2. Net of F/X gain	10,333	2,227	-564.0%	463	2131.7%
3. Other Non-op. items	10,005	10,387	-196.3%	31,771	-68.5%
VI. Ordinary Income	106,362	194,290	-45.3%	97,877	8.7%
VIII. Income before tax	106,362	194,290	-45.3%	97,877	8.7%
IX. Income tax	14,208	24,539	-42.1%	6,170	130.3%
X. Net Income	92,153	169,751	-45.7%	91,706	0.5%

* All the numbers in this material is not audited nor reviewed by external auditor.

* CP (VAS) & Lottery sales and cost are presented on net amount basis. FY2002 results are also amended by current accounting method.

Compared to 1Q-02

: PCS sales	Remain Still
: Op. Income	16.0%
: Net Income	45.7%

Compared to 4Q-02

: PCS Sales	6.8%
: Op. Income	4.5%
: EBITDA	3.8%
: Net Income	0.5%

(Unit : KRW bn, '000)

Key Factors	1Q-2003	4Q-2002	Change
Subscribers	10,375	10,333	0.4%
PCS Sales	1,025.2	1,100.1	6.8%
Op. Income	195.4	187.0	4.5%
EBITDA	396.6	381.9	3.8%
EBITDA margin	38.7%	34.7%	4.0%p
Pre-tax Income	106.4	97.9	8.7%

Revenue

(Unit : KRW Mn)

Descriptions	1Q -03	1Q -02	%Change	4Q -02	%Change
PCS Sales	1,025,187	1,025,619	0%	1,100,100	-7%
Sign-up Fee	9,431	20,260	-53%	15,328	-38%
Monthly Fee	390,670	383,305	2%	407,405	-4%
Airtime Charge	295,078	310,282	-5%	317,644	-7%
VAS	107,797	78,170	38%	113,811	-5%
(Discount)	(39,426)	(26,737)	47%	(38,969)	1%
Interconnections	195,963	210,917	-7%	219,233	-11%
KT Resale	51,114	37,606	36%	52,216	-2%
Other rev.(700,114)	1,527	1,046	46%	1,282	19%
Others	13,033	10,770	21%	12,150	7%
Handset Sales	182,502	302,400	-40%	271,086	-33%
Total Sales	1,207,689	1,328,018	-9%	1,371,187	-12%

PCS Sales : Similar level to 1Q-02 though the tariff cut & interconnection rate cut

- Sign-up Fee : Decrease by 53% from 1Q-02, 38% from 4Q-02 due to depressed mobile market
- Monthly Fee & Airtime Charge : Decreased due to tariff cut (KRW 1,000 for monthly fee, 3 min. of additional free usage, discount time charge down from KRW 15 to 14)
- VAS : Accounting for content usage fee is based on net amount - FY2002 results are restated in the same methodology for comparison purpose
- Discount : Increased Long-term usage discount (5~15%) and new discount items result in sharp increase of 38% compared to 1Q-02

Interconnection : 10% rate cut (53.5 → 48.0) but increased incoming traffic made 1Q-03 interconnection revenue to go down less than the cut.

KT Resale : 36% increase due to increased resale subscribers (1Q-02 1,297thousand, 1Q-03 1,608thousand) and usage

Others (13.0 Bn) : 00345 overseas call 8.6 Bn, M-commerce 2.0 Bn, International roaming 0.6 Bn, Credit card service 1.2 Bn, global business, K-merce lottery, and M-Ad.

Operating Expense

(Unit : KRW Mn)

Descriptions	1Q-03	1Q-02	% Change	4Q-02	% Change
1. Labor	49,642	48,435	2%	51,575	-4%
2. Fees	96,018	74,949	28%	85,519	12%
3. Interconnection	107,320	106,698	1%	122,781	-13%
4. Overseas call	1,294	1,636	-21%	1,854	-30%
5. Information Charge (CP)	709	144	391%	176	302%
6. Rent	20,147	18,305	10%	22,866	-12%
7. Depreciations	200,322	170,424	18%	194,925	3%
8. Leased line	89,165	90,007	-1%	90,989	-2%
9. Utilities	9,448	8,499	11%	9,906	-5%
10. Repair & Maintenance	6,120	7,850	-22%	34,627	-82%
11. Lease	10,015	12,128	-17%	14,009	-29%
12. Marketing	168,563	204,477	-18%	226,321	-26%
13. Bad Debt	11,575	20,115	-42%	8,410	38%
14. Tax & Obligations	15,693	8,246	90%	10,750	46%
15. Universal Service	24,545	6,168	298%	8,671	183%
16. Others	18,338	18,256	0%	29,756	-38%
17. Cost of Handset Sold	183,389	299,169	-39%	271,061	-32%
Total	1,012,303	1,095,508	-8%	1,184,193	-15%

Total Operating Expenses decreased by 8% from 1,095.5 Bn of 1Q-02 to 1,012.3 Bn

Fees : 28% increase to 96.0 Bn due to out-sourcing

Interconnection : 10% rate cut but increased subscriber and incoming call made 1% increase compared to 1Q-02

Information Charge (CP) : Only the net amount to CP information charges are recognized on both revenue and expense

Depreciation : 200.3 Bn, increased by 29.9bn due to continuous 1x capex and 2G spectrum integration

Marketing : Decreased activation in 1Q-03 made 35.9 bn (18%) decrease from 1Q-01 and 57.7bn (26%) decrease from 4Q-02

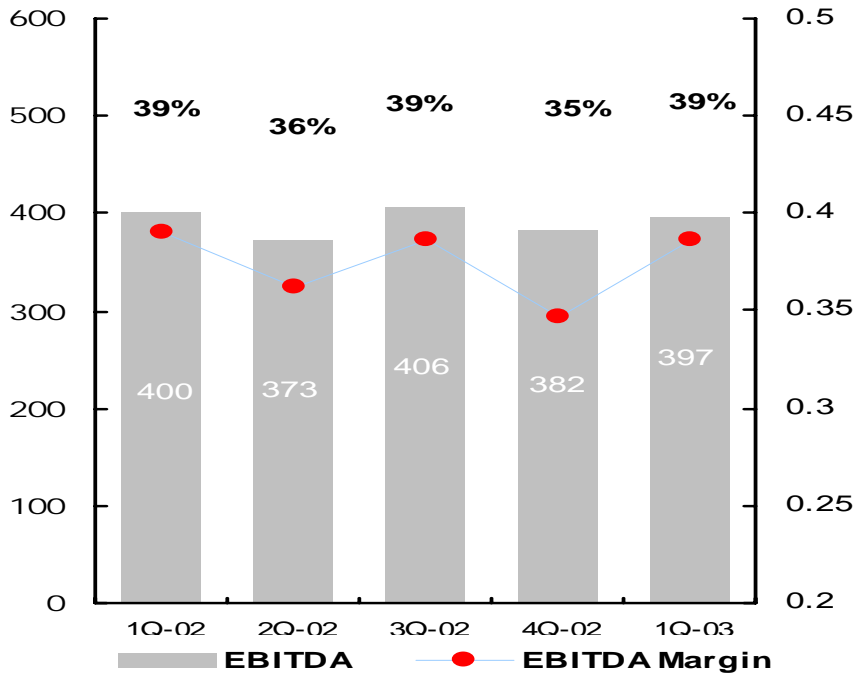
Bad debt : Historical experience of actual bad debt is 1.38% in 1Q-03 compared to 2.5% of previous estimation

Universal Service : Universal service obligation fund

EBITDA & Capex

EBITDA

(Unit : KRW Bn)



EBITDA = Op. Income + Depreciation - (Handset sales - Cost of Handset sold)

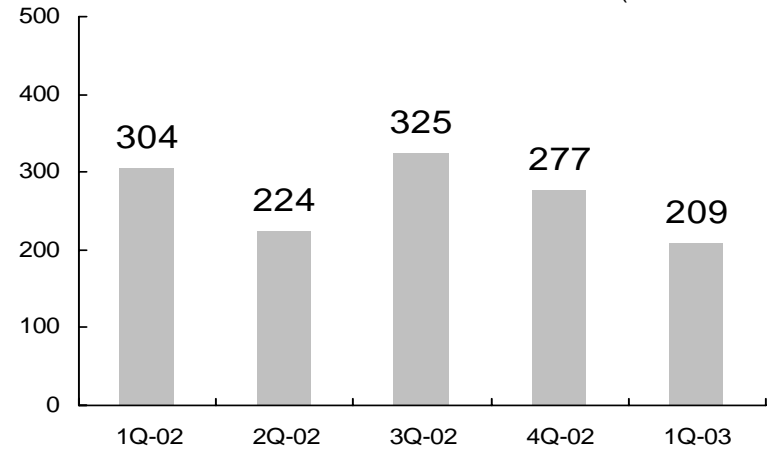
EBITDA margin = EBITDA / PCS sales

EBITDA increased by 4.0%p compared to 4Q-02

- Decrease of marketing cost (KRW 57.7 Bn) due to less acquisition cost
- Less Repair & Maintenance cost by 28.5Bn
- Decrease of Interconnection cost by 13% though 11% decrease of corresponding revenue

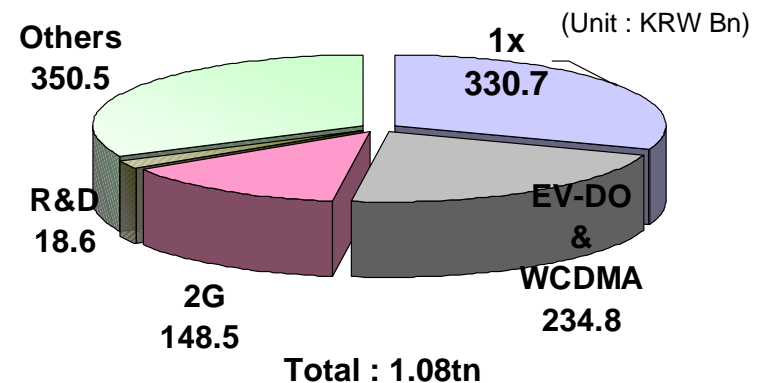
Quarterly Capex

(Unit : KRW Bn)



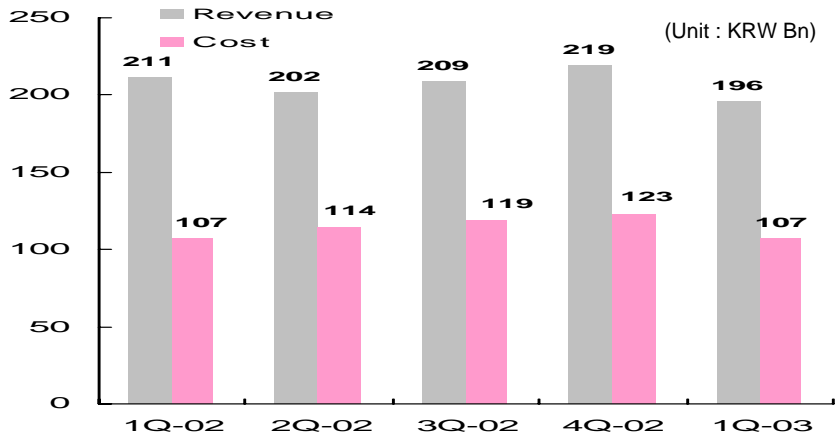
* FY2003 Capex plan and results are including KTICom's

FY2003 Capex Plan



Interconnections

Revenue and Cost



Net of Interconnections

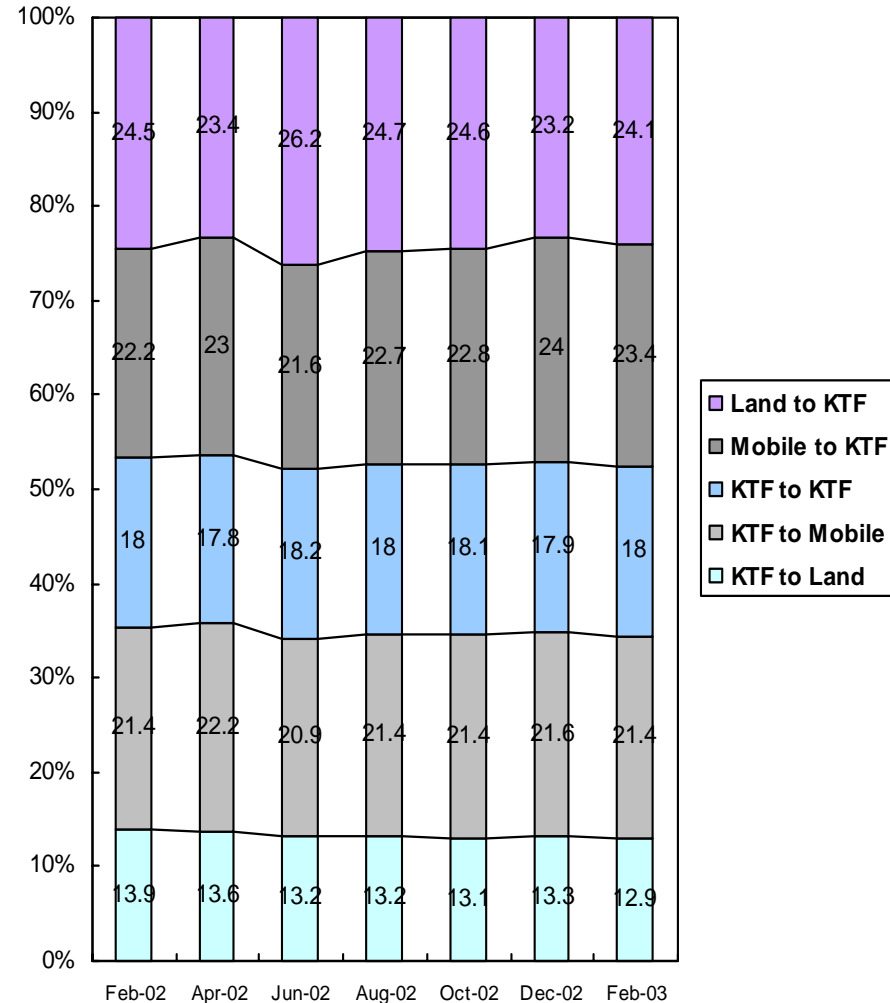
- 10% rate cut and seasonal effect in 1Q-03
- Net of interconnections decreased to 88.6Bn from 104.2 Bn of 1Q-02 due to less rate cut in LM rate compared to MM.

Quarterly Breakdown

(Unit : KRW Bn)

Descriptions		1Q-02	2Q-02	3Q-02	4Q-02	1Q-03
L M	Rev	111	98	99	102	96
	Exp	20	23	23	23	19
MM	Rev	100	104	110	117	99
	Exp	87	91	96	99	88

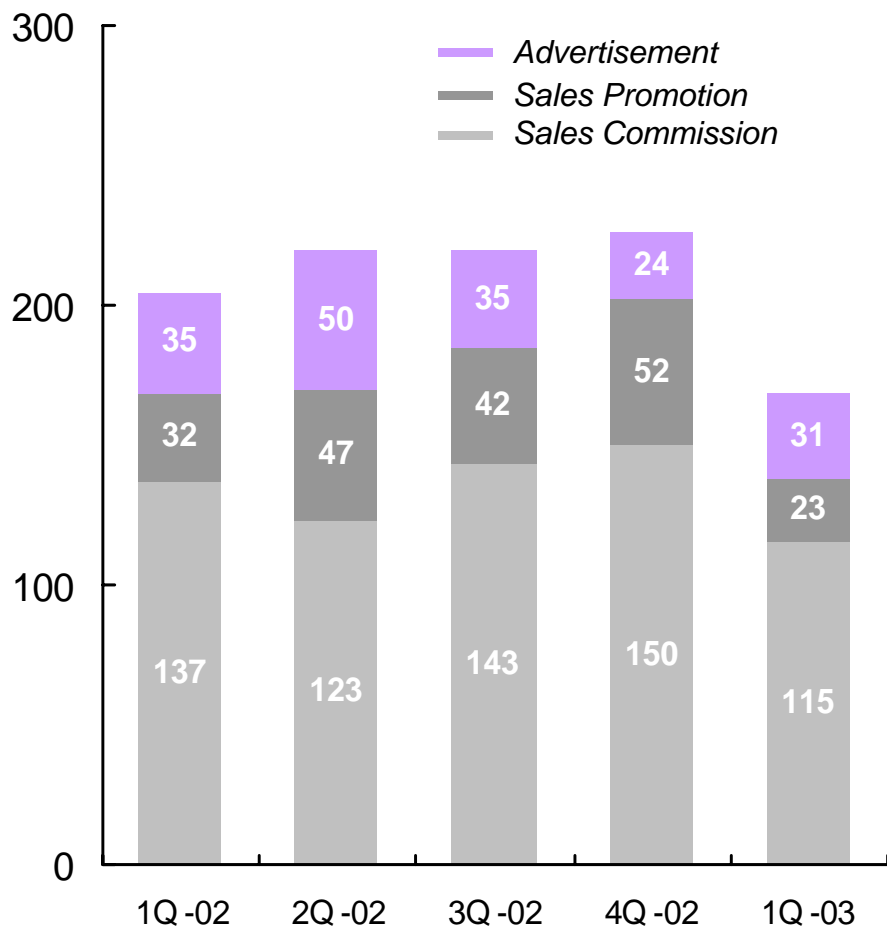
Call Traffic



Marketing Cost

Quarterly Breakdown

(Unit : KRW Bn)



Acquisition vs. Retention

(Unit : KRW Bn)

Descriptions	1Q-03	1Q-02	% Change	4Q-02	% Change
Acquisition Commission	29	59	-51%	61	-52%
Promotion	5	14	-64%	13	-62%
Sub. Total	34	73	-53%	74	-54%
per 1 new subs.	69,488	80,988	-14%	97,491	-29%
Retention Commission	86	78	10%	89	-3%
Promotion	18	19	-5%	38	-53%
Sub. Total	104	97	7%	127	-18%
Advertisement	31	35	-11%	24	29%
Total Marketing Cost	169	204	-17%	226	-25%

Marketing cost amount to 168.6 Bn : Decrease by 17% compared to 1Q-02

- Profit-oriented marketing with ban on handset subsidy enabled the per 1 new subs. acquisition cost down to 69 thousand compared to 81 thousand of 1Q-02
- Retention commission increased by 10% reflecting the increase of subscriber number.

1Q-03 Advertisement cost decreased by 11% compared to 1Q-02.

Non-Op. Items and Income Tax

Non-op. Items

(Unit : KRW Mn)

Non-op Items	1Q-03	1Q-02	% Change	4Q-2002	% Change
Interest gain	1,966	8,030	-75%	1,665	19%
Interest loss	70,673	58,865	20%	58,548	21%
Net of Interest	68,687	50,835	35%	56,883	21%
F/X-related gain	91	2,350	-96%	436	-121%
F/X-related loss	10,424	123	8401%	27	38238%
Net of F/X	10,333	2,227	-564%	463	2130%
Other gains	20,189	15,022	34%	16,247	24%
Other losses	30,194	4,635	551%	48,017	-37%
Net of others	10,005	10,387	-196%	31,771	-69%
Total Non-op. gains	22,266	25,402	-12%	17,476	27%
Total Non-op. losses	111,291	63,622	75%	106,593	4%
Net Non-op. Items	89,025	38,220	133%	89,117	0%

Net Interest expense increased to 68.7Bn compared to 50.8Bn of 1Q-02 due to KTICom merger

- Interest bearing debt as of 1Q-03 : 388.8 Bn
Interest bearing debt as of 1Q-02 : 341.8 Bn
- Changed accounting policy for capitalized interest expense
: directly expensed when accrued
: 34.6Bn was capitalized in FY2002 though none in 1Q-03

Net F/X loss of 10.3 Bn

- Foreign currency denominated debt as of 1Q-03
: USD 12.7 Mn + JPY 23.6 Bn = KRW 245.8 Bn
- F/X rate change (2002 Dec. 2003 Mar.)
: USD : 1,200.4 1,252.9
: JPY : 10.01 10.42

Loss from disposition of 2G network in 1Q-03 amount to 17.5 Bn

Income Tax

(Unit : KRW Mn)

Descriptions	1Q-03	1Q-02	% Change	4Q-02	% Change
Pre-Tax Income	106,362	194,290	-45%	97,877	9%
Tax	14,208	24,539	-42%	6,170	130%
Effective tax rate	13%	13%		6%	
Net Income	92,153	169,751	-46%	91,707	0%

Tax credit carried forward from KTM.com merger

- : Total credit is expected to be KRW 220 Bn from merger
- : 45 Bn in FY2001 and 53 Bn in FY2002 has been already reflected on PL
- : 1Q-03 effect is 9.3 Bn

Temporary investment tax benefit

- : For the investment and R&D expenditure made during FY2001 and FY2002, corresponding tax benefit is carried forwarded to FY2003
- : 1Q-03 effect is 14.6 Bn

Balance Sheet

As of Mar. 31, 2003

(Unit : KRW Mn)

Assets	8,267,525	Liabilities	5,449,272
Current	1,813,045	Current	2,761,899
Quick	1,659,663	Fixed	2,687,373
Inventory	153,382		
Fixed	6,454,481	Equity	2,818,253
Investment	473,444	Capital Stock	955,703
Tangible	4,752,878	APIC	1,325,489
Intangible	1,228,159	Retained Earnings	631,625
		Capital Adjustment	94,563

Debts	1Q - 2003	4Q - 2002	Change
Interest bearing	3,888 Bn	3,941 Bn	53 Bn
Current portion	1,749 Bn	1,322 Bn	427 Bn
Net Debt	3,479 Bn	3,918 Bn	439 Bn
Foreign currency denominated	16 Bn (\$12.7 Mn) + 246 Bn (JPY23.6 Bn)	15 Bn (\$12.8 Mn) + 236 Bn (JPY23.6 Bn)	10 Bn (UDS 0.1 Mn)

Due to KTICom Merger, Investment account decreased
- Decrease in investment account made less dilution for merger
- Cash in-flow from KTICom is used to pay debts
(Payable for purchasing KTICom share, CP borrowings and etc.)

Ratios

Quarterly	1Q - 03	4Q - 02
Debt / Equity	193%	213%
Net Debt / Equity	136%	153%
Interest Coverage	2.78	3.19
EBITDA interest coverage	5.61	6.52
EBITDA margin	38.7%	34.7%
Operating margin	19%	17%

Interest-bearing debt	Short-term	660 Bn
	Current-portion of Long-term borrowings	1,089 Bn
	Bonds	2,139 Bn

Long-term payable for 3G license fee (505.2 Bn) is not included in calculation of the interest-bearing debt, net debt and ratios.

KT I Com Merger

Balance Sheet on Merger

As of Mar. 5, 2003

(Unit : KRW Mn)

Descriptions	Pre-Merger	After-Merger	Change
Assets	8,032,430	8,950,715	918,285
Current	1,440,626	2,520,653	1,080,027
Quick	1,270,602	2,334,127	1,063,525
Inventory	170,024	186,526	16,502
Fixed	6,591,804	6,430,062	161,742
Investment	1,990,735	474,773	1,515,962
Tangible	4,590,298	4,724,772	134,474
Intangible	10,771	1,230,517	1,219,746
Liabilities	5,441,733	6,138,929	697,195
Current	2,880,640	3,060,907	180,267
Fixed	2,561,093	3,078,021	516,928
Equity	2,590,696	2,811,786	221,090
Capital Stock	920,290	955,703	35,413
APIC	1,132,834	1,324,907	192,073
Retained Earnings	625,721	625,721	-
Capital Adjustment	(88,149)	(94,545)	6,396

Schedule

1. Board meeting : Dec. 14, 2002
2. Merger contract : Dec. 20, 2002
3. Merger : Mar. 6, 2003

Merger ratio : 0.55636 KTF new share for 1
KTICom share

Shares

Newly Issued : 7,082 thousand
Increase of Treasury stock by buy-back option
: 2,076 thousand

Issued shares as of 1Q-03 : 191,140,519
Treasury stock as of 1Q-03 : 2,898,663

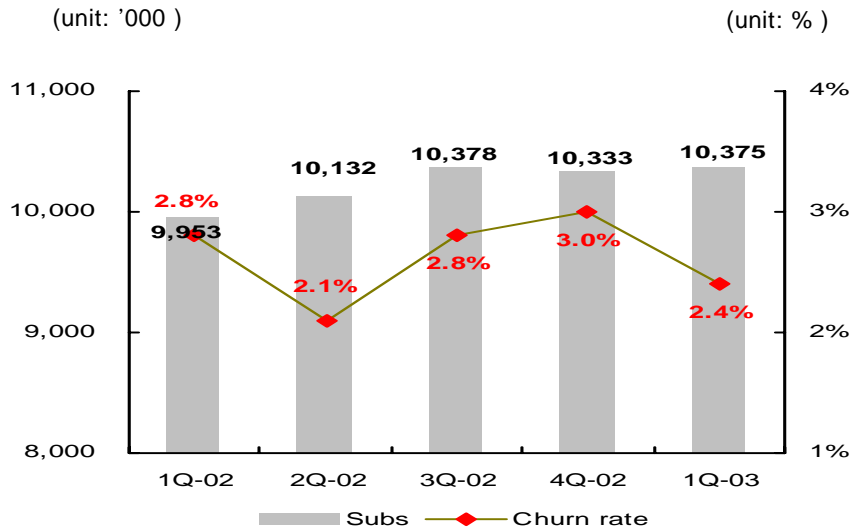
Contents

- Financial Performance

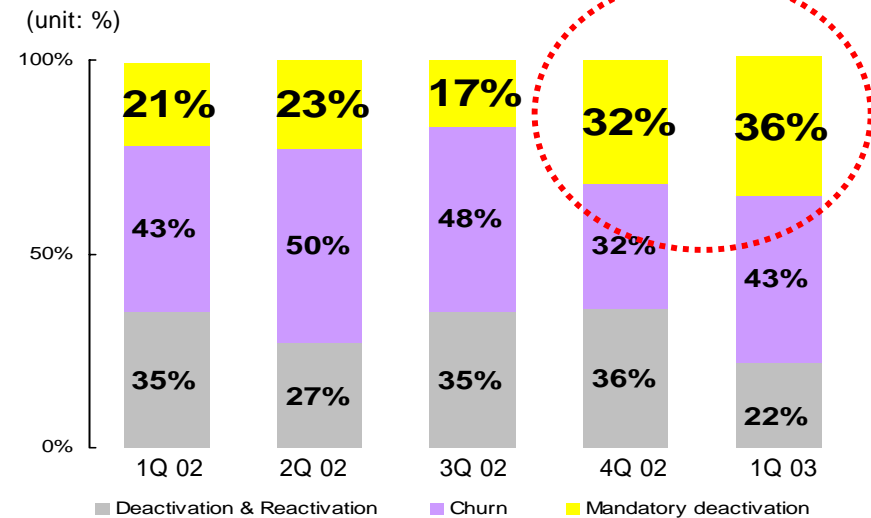
- **Business Performance**

Subs & Churn Rate

Subs & Churn Rate Trend



Churn Analysis-KTF Only



- **Slight increase in subs (+0.4% vs. 4Q FY02)**
 - Improved market circumstances
 - Lots of mandatory deactivations in 4Q FY02
 - Increase in KT Resale subs
- **Decrease in churn rate (-0.6% vs. 4Q FY02)**
 - Decrease in the number of deactivation
 - Effective mgmt of potential churn via CRM
 - Result from healthy subs maintenance policy in 4Q FY02

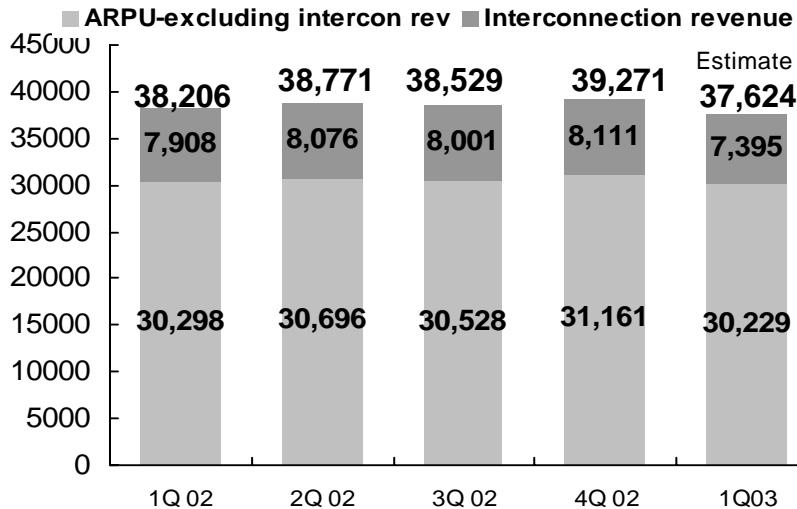
- **Continuous pursue of healthy subs maintenance policy**
 - Increase in mandatory deactivation portion
 - Decrease in deactivation & reactivation portion
- **Expected outcomes**
 - Improvement of cost-effective marketing skill
 - enhancement in dealers' loyalty and channels
 - Improvement of subscribers' quality
 - Improvement of ARPU

ARPU & MOU

ARPU *

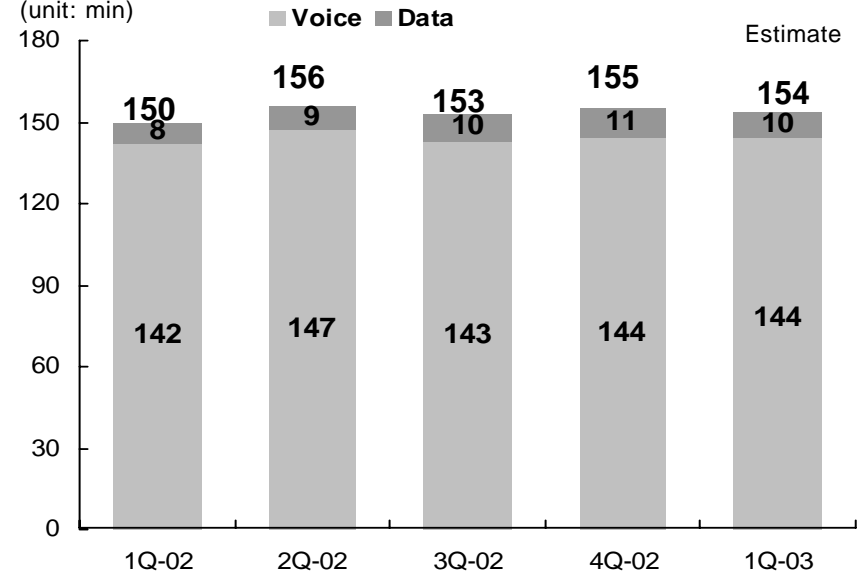
*Activation fee excluded *net-based

(unit: KRW)



Outgoing MOU

(unit: min)



- **Decrease by 4% (total ARPU), 3% (outgoing ARPU) compared to 4Q FY02**

Seasonal effect & slight market stagnation

Tariff cut (6%) & Interconnection rate cut (KRW 53.49 -> KRW 47.98: around 10%)

- **Decreased by 0.2% (outgoing MOU) compared to 4Q FY02**

Increase in data usage and VAS compensated 1,130won for 1,200won which could be expected to be decreased by tariff cut 96%.

Therefore actual decrease was only 70won.

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- **Voice MOU**

Due to the price elasticity, voice MOU was stable compared to 4Q FY02 and slightly increased by 1% compared to 1Q FY02.

- **Data MOU**

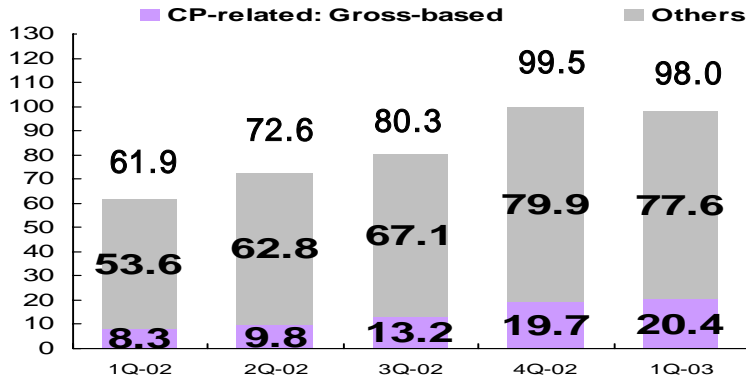
Due to the vitalization of VAS and FIMM, data MOU increased by 2.7% compared to 1Q FY02.

Due to the seasonal effect and slight market stagnation data MOU decreased by 1% compared to 4Q FY02.

Wireless Data Revenue

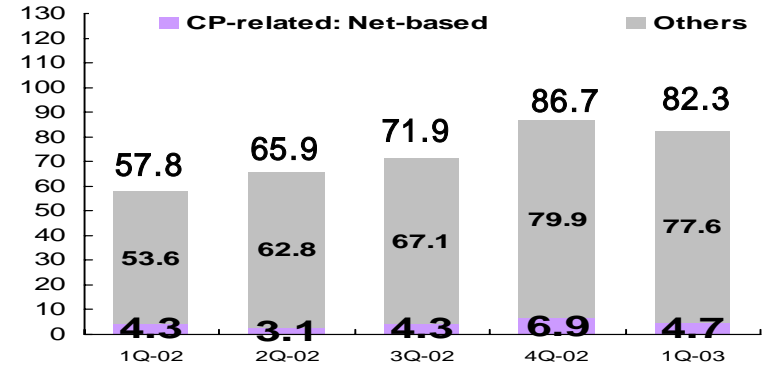
Revenue Breakdown: Gross-based

(unit: KRW bn)



Revenue Breakdown: Net-based

(unit: KRW bn)



Change in Accounting Principle for CP-related Revenue

Before

Revenue recognition: Gross-based
Expense: Contents usage fee

After

Revenue recognition: Net-based

CP-related revenue-sharing ratio

FY02 gross-based revenue: 51bn

FY02 net-based revenue: 18.6bn

►FY02 annual revenue-sharing ratio:

KTF:CP=36%:64%

FY03 1Q gross-based revenue: 20.4bn

FY03 1Q net-based revenue: 4.7bn

►FY03 1Q revenue-sharing ratio:

KTF:CP=23%:77%

Impact on Revenue: 1Q FY03(estimate)

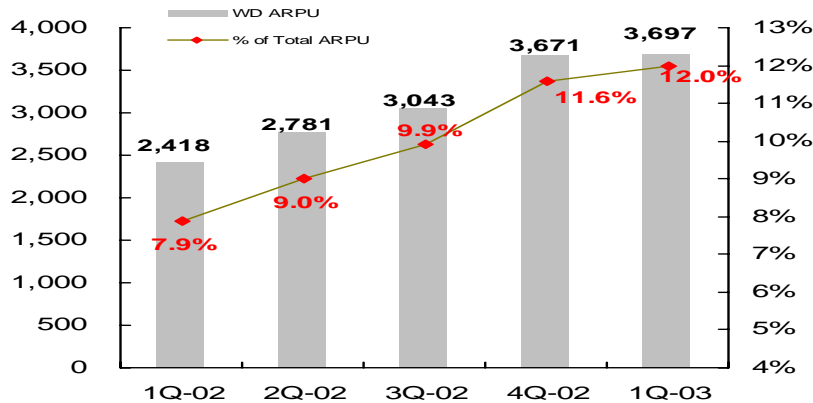
(unit: KRW bn)

	Gross-based	Net-based	Decrease
MagicN	12.443	3.416	9.028
Rngtone	2.838	0.993	1.845
Character	1.124	0.393	0.730
Picture	0.382	0.134	0.248
2Ring	1.988	0.795	1.193
Others	6.112	1.100	5.011
Multipack	7.870	1.279	6.591
Theme Park	0.250	0.037	0.212
SW VOD	0.599	0.060	0.539
Others	7.020	1.182	5.839
K-Merce	0.016	0.002	0.014
MMS	0.043	0.013	0.030
VOD	0.043	0.004	0.039
Total	20.415	4.714	15.702

Wireless Data ARPU

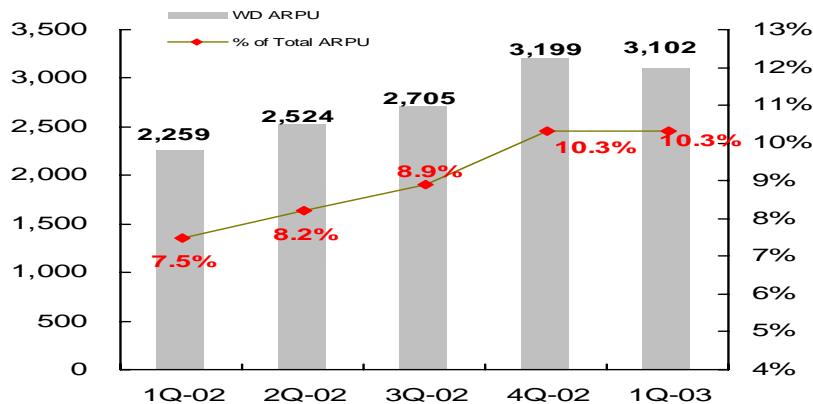
Wireless Data ARPU* Portion: Gross-based

(unit: KRW)



Wireless Data ARPU* Portion: Net-based

(unit: KRW)

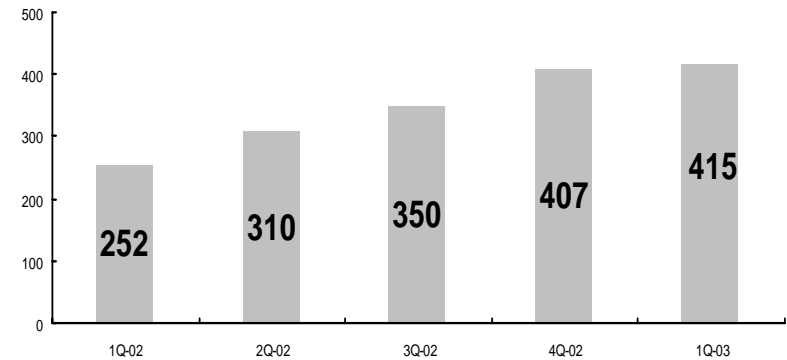


* Free SMS & WD excluded

POU*

(Unit : Packet)

(*based on total subs)



■ Increase in wireless data POU

- Increase by 2% compared to 4Q FY02
- Increase by 48% compared to 1Q FY02
- A switch from 2G to 1X and FIMM
- Vitalization of multimedia service(VOD)

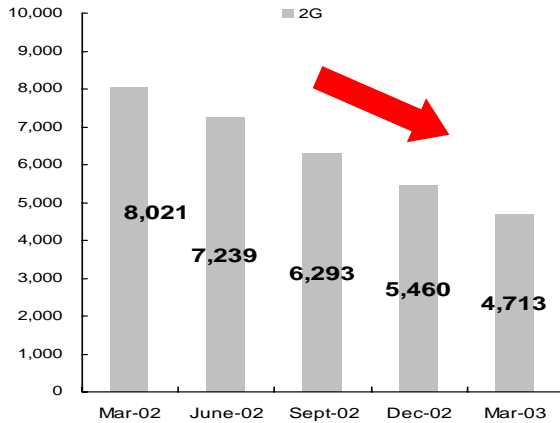
■ Increase in wireless data ARPU

WD ARPU increased by 37% compared to 1Q FY02 mainly due to the widespread of the color handset and VOD service.

Subs Analysis-By Handset Type

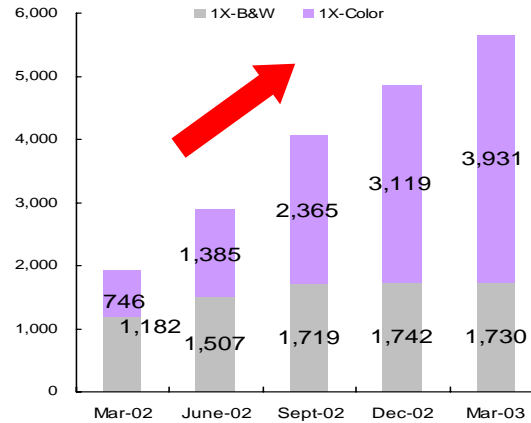
2G

(unit: '000)



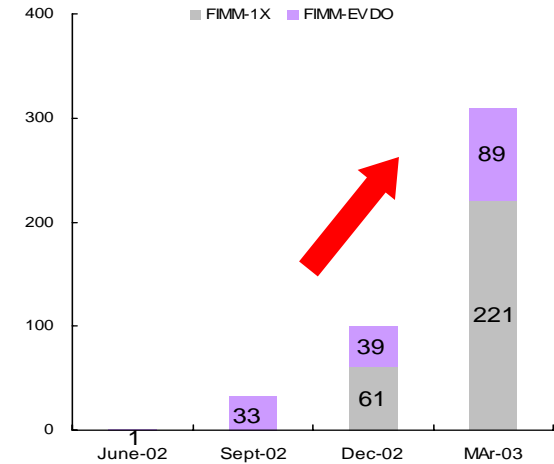
1X

(unit: '000)



FIMM

(unit: '000)



■ Decrease in 2G subs vs. Increase in 1X Color & FIMM subs

1X color and FIMM handset promotion targeting 2G subs(ex. Outbound call)

Increase in customer satisfaction for 1X color and FIMM handsets

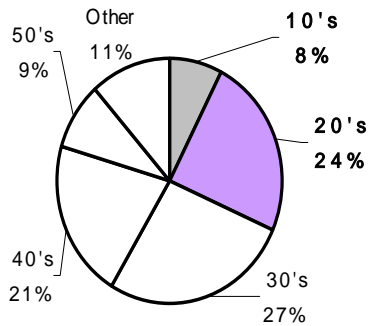
Sophisticated design and high features of 1X color and FIMM handsets

Multimedia service appealing to customers (MMS, Software & Hardware VOD)

Subs Analysis-By Handset Type & Age

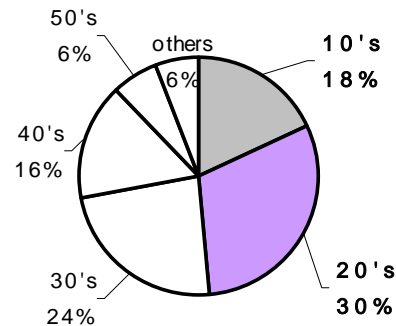
2G

(unit : %)



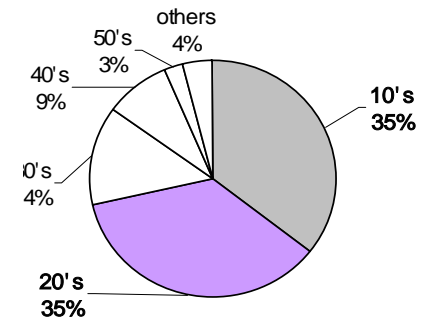
1X

(unit : %)



FIMM

(unit : %)



■ Higher teen's/20's portion in 1X color and FIMM

As the network evolves teen's and 20's take higher portion of age profile.

Teen's and 20's are early adopters as well as savvy data users.

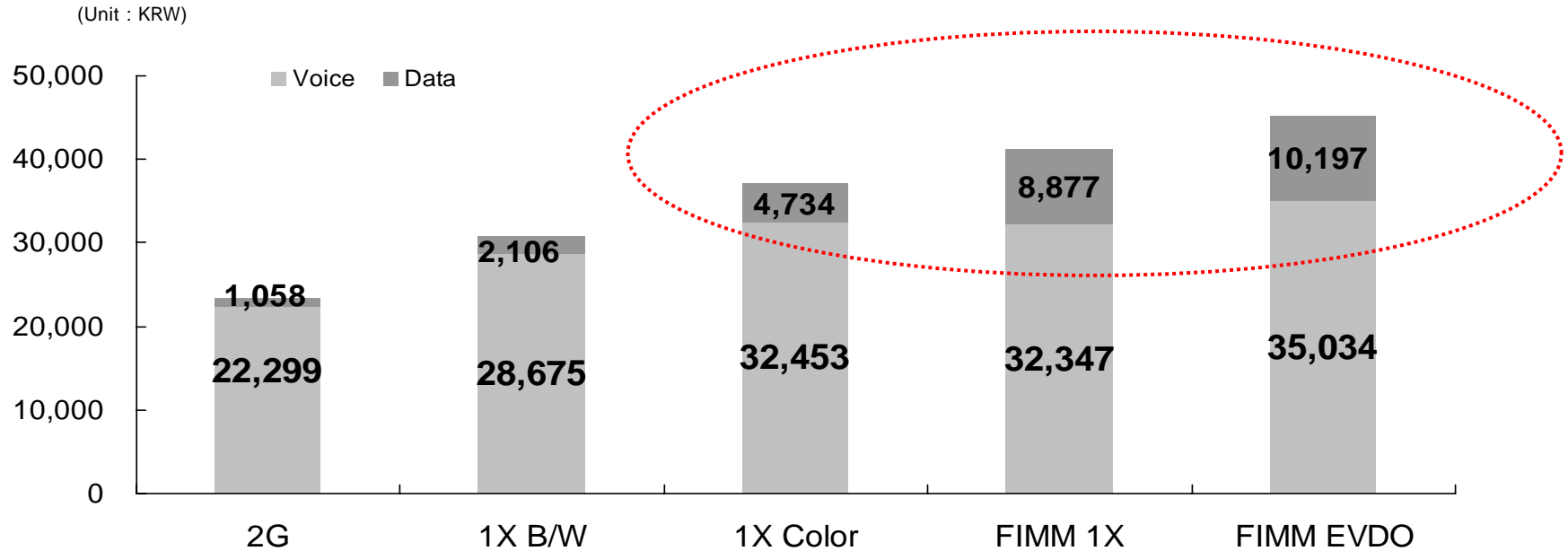
Multimedia services such as VOD, MMS etc attract young generations.

Especially, growth rate in FIMM is faster than any other service. It is mainly due to strategic marketing with handset makers and its sophisticated features.

ARPU* Analysis- By Handset Type

*Activation & Interconnection revenue excluded

*Net-based. As of 1Q 2003



■ High data ARPU of high-end handset users

Whereas 2G handset shows wireless data ARPU of 1,058 won, 1x color handset generates 4,734 won. Color screen stimulates usage of VOD (software based) and mobile game.

FIMM 1X handset also supports software based VOD service but unlike 1x color handsets, every model has MMS function with built-in camera and thus shows a slight higher data ARPU of 8,877 won.

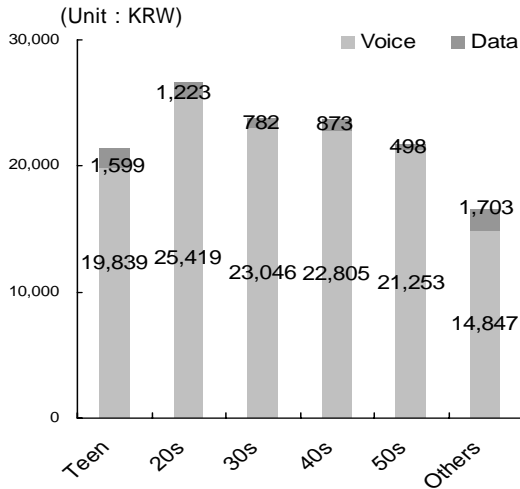
In case of FIMM EV-DO, it's equipped with MPEG chipset that supports a real time broadcasting, movie, music video service in better quality. Accordingly POU of FIMM EV-DO increased dramatically and data ARPU is 10,917 won that is 863%, 384%, 115%, 15% higher than 2G, 1x B/W, 1x Color and FIMM 1x.

ARPU* Analysis- By Handset Type & Age

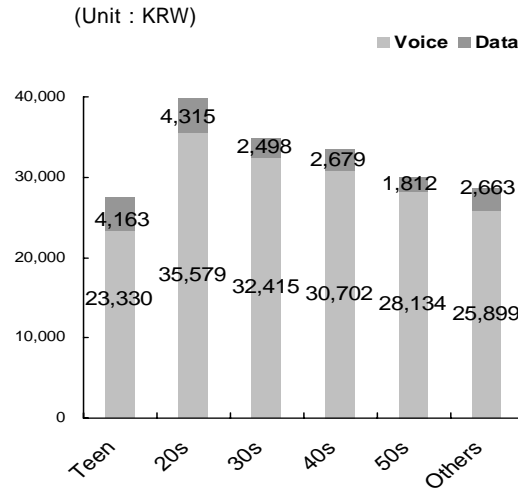
*Activation & Interconnection revenue excluded

*Net-based. As of 1Q 2003

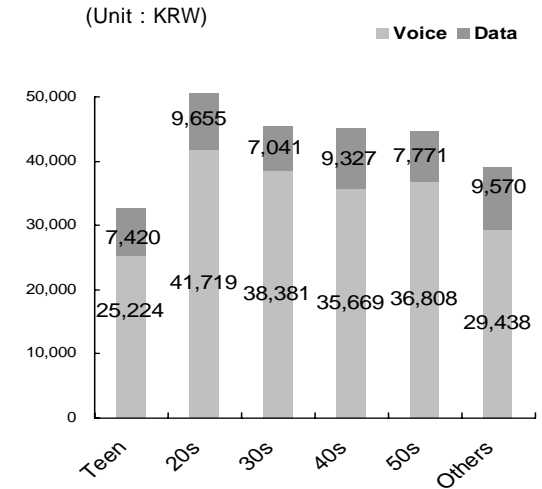
2G



1X



FIMM



■ High contribution of Teen's & 20's in wireless data ARPU

Teens & 20's are savvy wireless data users that spontaneously use diverse value added services and data applications.

Especially, they show high interest in 2Ring, Multi-pack, Game, MMS, VOD etc.

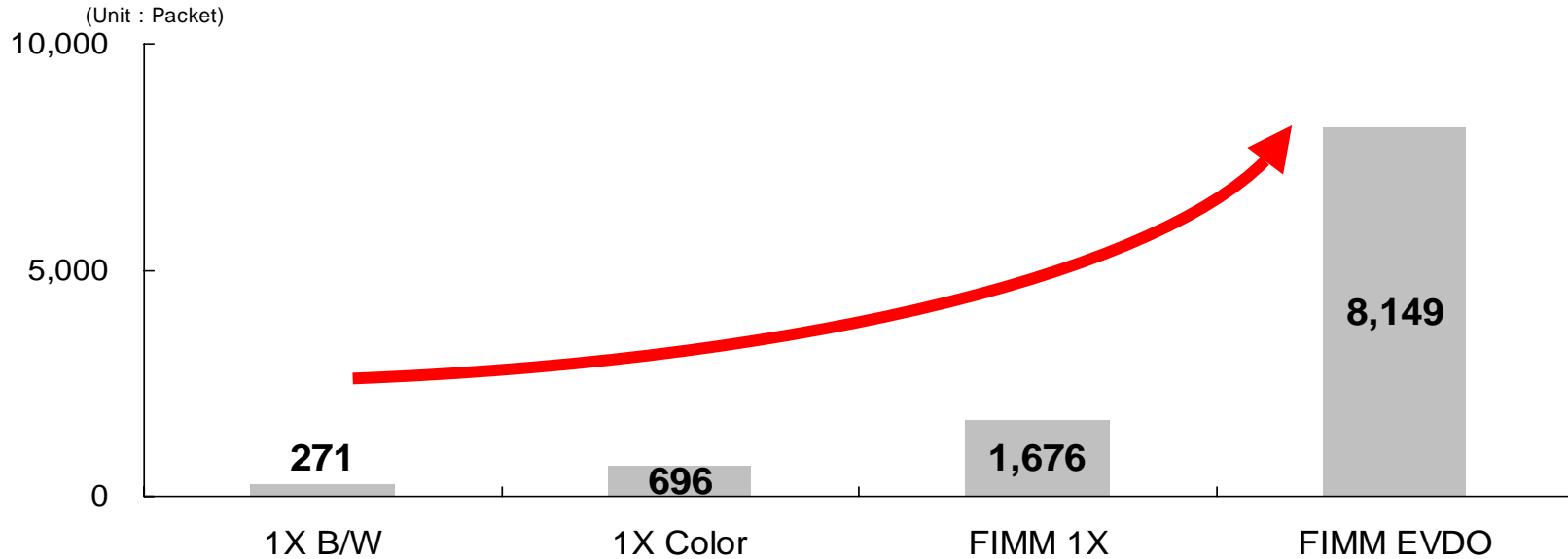
■ Replacement with high-end handset enhances wireless data usage of adults over 30

A switch to more sophisticated handset increases wireless data ARPU regardless of age.

Adults over 30 tend to try various new applications when upgrade their phones.

POU*-By Handset Type

*As of 1Q 03



■ More features, higher data usage

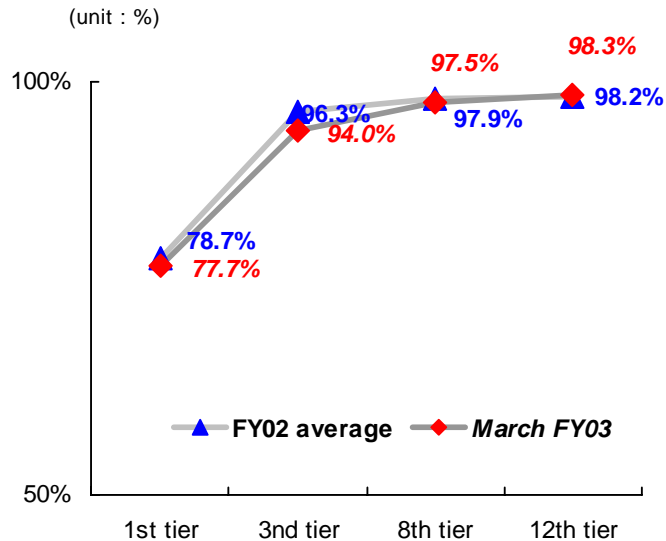
In case of 1X B/W, it shows a relatively low usage because popular applications are low quality and low volume contents.

As color screen stimulates usage of VOD (software based) and mobile game and enhances customer's satisfaction, 1x color handset shows higher data usage than 1x B/W.

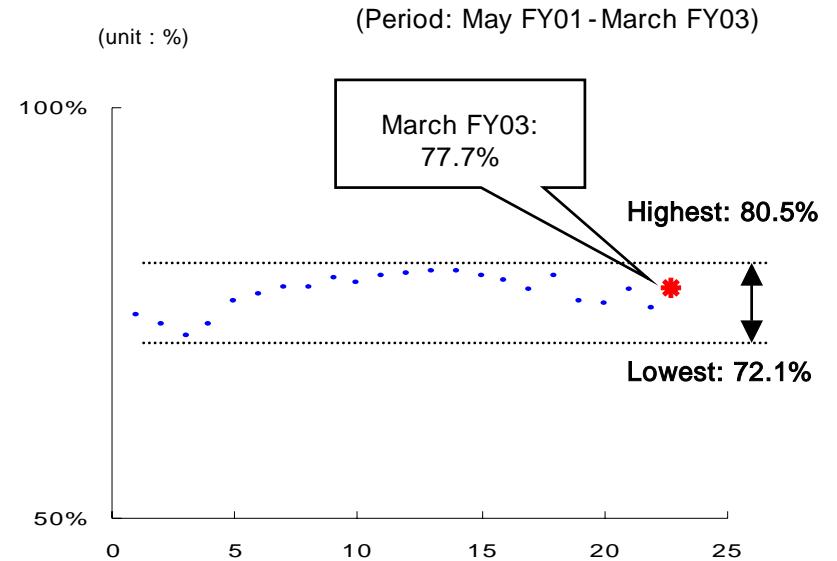
As FIMM handset supports MMS(Multimedia Messaging Service) and high quality VOD service based on MPEG4, we see a high uptake of POU.

Collection Rate

Collection Rate Trend



1st Tier Collection Rate Trend



Collection rate trend

Annual collection rate is continuously improving

Average collection rate: 77.54 % (1Q FY03: 77.7%)

- Period: From May FY01 to March FY03
- Highest: 80.5%, Lowest: 72.1%, Standard variation: 2.24%

Regardless of the 1st tier collection rate the 12th tier reaches over 98%.

- Outbound call is restricted after the 3rd claim for nonpayment.

The mandatory deactivation is applied from the 12th claim for nonpayment
(FY02 bad debt expense ratio:1.38%)

Other information

Subs

(unit: '000)

Subs	1Q-2002	2Q-2002	3Q-2002	4Q-2002	1Q-2003
Activation	1,229	816	1,112	903	781
Deactivation	868	637	866	948	739
Net Addition	361	180	246	45	42
# of subs as of Quarter	9,952	10,132	10,378	10,333	10,375
M/S	32.8%	32.8%	32.4%	31.9%	31.6%
Activation-KTF only	896	618	943	762	495
Deactivation-KTF only	684	506	722	839	639
Net Addition-KTF only	212	112	221	77	143

Employee

(unit: person)

	As of FY 00	As of FY01	As of FY02	As of 1Q FY03
Regular	1,761	1,683	2,094	2,097
Non-regular	2,016	901	839	791
Total	3,777	2,584	2,933	2,888

Number of Cell Cites

	2G	1X	EV-DO
BTS	6,283	2,408	1,087
Coverage	98%	85%	41%

Appendix

- **Quarterly Income Statement for FY2002 and FY2003**
- **Balance Sheet as of Mar. 31**

Quarterly Income Statement

KTF

Not Audited nor Reviewed by external auditors.

(Unit : KRW Mn)

Descriptions	2002. 1 - 3	2002. 4 - 6	2002. 7 - 9	2002. 10 - 12	2003. 1 - 3
	Amount	Amount	Amount	Amount	Amount
. Total Sales	1,328,018	1,249,667	1,371,687	1,371,187	1,207,689
PCS Service	1,014,849	1,018,628	1,038,889	1,087,950	1,012,154
<i>Activations</i>	20,260	12,092	21,199	15,328	9,431
<i>Monthly Fee</i>	383,305	391,353	395,657	407,405	390,670
<i>Airtime charge</i>	310,282	316,132	309,688	317,644	295,078
<i>Value-added service</i>	78,170	88,654	95,124	113,811	107,797
<i>(PCS discount)</i>	(26,737)	(30,399)	(34,393)	(38,969)	(39,426)
<i>Interconnection</i>	210,917	201,538	209,465	219,233	195,963
<i>Resale</i>	37,606	38,224	40,924	52,216	51,114
<i>Fees from other services</i>	1,046	1,033	1,225	1,282	1,527
Others	10,770	12,664	13,039	12,150	13,033
<i>Handset rental</i>	926	926	926	0	0
<i>Overseas call</i>	9,143	9,725	9,436	9,121	8,586
<i>M-commerce</i>	535	656	806	1,076	2,013
<i>International Roaming</i>	130	780	975	682	638
<i>Other overseas service</i>	22	543	436	429	432
<i>K-merce Lottery</i>	13	31	36	107	41
<i>M-Ad.</i>			38	66	167
<i>Credit card service</i>	0	2	385	669	1,156
Handset	302,400	218,375	319,758	271,086	182,502
<i>Handset</i>	302,571	218,497	319,900	271,198	182,584
<i>(Handset discount)</i>	(171)	(121)	(142)	(112)	(82)
. Operating Expense	1,095,507	1,051,310	1,145,357	1,184,193	1,012,303
Salary & Bonus	31,302	31,600	31,573	29,407	35,305
Fees for temporary employee	292	302	346	415	205
Out-sourcing employee	2,548	1,770	2,230	1,908	2,183
Retirement	6,130	3,256	3,554	2,160	3,450
Fringe benefits & others	6,372	5,866	4,972	6,476	6,718
Rent	18,305	19,236	20,478	22,866	20,147
Lease	12,128	12,122	12,125	14,009	10,015
Service fee & commission	74,949	74,774	80,347	85,519	96,018
Depreciations	169,829	175,253	184,106	194,478	199,846
Amortizations	595	380	411	447	476
Tax & dues	8,246	12,553	9,901	10,750	15,693
Fare	1,311	1,627	2,117	1,791	1,673
Insurance	527	851	(413)	379	263
Interconnections	106,698	114,021	118,617	122,781	107,320
Overseas call cost	1,636	1,715	1,596	1,854	1,294
Leased line cost	90,007	95,501	91,304	90,989	89,165
CP info usage charge	144	150	156	176	709
Universal service obligations sharing	6,168		23,104	8,671	24,545
Vehicles	337	393	448	460	421
Educations	1,526	2,176	1,434	2,094	1,612
Ordinary R&D	2,604	4,861	2,148	10,378	2,279
Awards	264	70	1,400	9,115	170
Entertainment	249	234	288	340	349

Quarterly Income Statement-continued

Descriptions	2002. 1 - 3		2002. 4 - 6		2002. 7 - 9		2002. 10 - 12		2003. 1 - 3	
	Amount		Amount		Amount		Amount		Amount	
Sales commission	137,268		122,960		142,667		150,121		114,618	
Sales promotions	32,446		47,193		42,108		51,900		23,106	
Advertisement	34,763		50,382		35,492		24,300		30,839	
Bad Debt	20,115		21,025		(25,995)		8,410		11,575	
Travel & Car fare	1,485		1,456		967		1,208		1,073	
Utilities	8,499		9,024		12,092		9,906		9,448	
Communications	6,787		7,114		6,916		7,309		7,584	
Repair & Maintenance	7,850		10,772		18,348		34,627		6,120	
Office supplies	2,343		2,210		2,089		3,207		2,469	
Other researchs	1,105		1,510		1,968		2,755		775	
Book & Printing	166		248		132		151		140	
Conference & managerial events	1,325		1,442		1,512		1,754		1,312	
Internet shopping	0		0		7		11		0	
Handset sales	299,169		217,246		314,797		271,061		183,389	
Miscellaneous Expenses	16		18		13		12		0	
.Operating Income		232,511		198,357		226,329		186,994		195,387
.Non-operating gains		25,402		20,683		13,411		17,476		22,266
Interest	8,030		7,494		761		1,665		1,986	
Disposition of marketable securities	0		0		0		0		3	
Evaluation of marketable securities	0		0		0		0		38	
Dividend	137		0		0		0		95	
Rent	3,466		2,529		2,803		2,729		1,179	
Equity method evaluation	3,020		(480)		(639)		(1,901)		5,261	
FX transactions	88		650		44		555		77	
FX translations	2,262		110		805		(991)		14	
Disposition of Investment	0		52		0		0		0	
Disposition of tangible asset	176		161		72		327		1,147	
Disposition of Intangibles	0		3		0		0		18	
Redemption of BW	0		0		0		0		0	
Others	988		1,694		2,262		3,640		5,958	
Miscellaneous gains	7,235		8,469		7,303		11,452		6,489	
.Non-operating losses		63,622		61,911		76,592		106,593		111,291
Interest	58,865		49,736		48,943		58,548		70,673	
FX transactions	113		50		63		28		42	
FX translations	10		155		(161)		(1)		10,382	
Donation	3,813		3,543		6,417		4,762		5,092	
Equity method evaluation	0		0		0		122		1,627	
Disposition of marketable securities	0		0		0		0		1,742	
Evaluation of marketable securities	0		0		0		0		302	
Evaluation of Inventories	0		399		0		1,757		0	
Disposition of Investment	0		38		50		0		1,338	
Evaluation of Investment	0		0		0		2,774		2,280	

Quarterly Income Statement-continued

Descriptions	2002. 1 - 3		2002. 4 - 6		2002. 7 - 9		2002. 10 - 12		2003. 1 - 3	
	Amount		Amount		Amount		Amount		Amount	
Disposition of Tangible asset	721		4,964		18,518		22,138		17,508	
Disposition of Intangible asset	0		13		10		5		25	
Loss sharing for overseas call	0		2,477		879		0		0	
Others	(21)		21		293		535		24	
Loss from disaster	0		0		1,117		540		0	
Selling Trade receivable-ABS							15,147		0	
Other bad debts loss	0		0		270		0		0	
Miscellaneous losses	121		514		192		237		257	
. Ordinary Income		194,290		157,128		163,148		97,877		106,362
. Extra-ordinary gain		0		0		0		0		0
. Extra-ordinary loss		0		0		0		0		0
. Income before tax		194,290		157,128		163,148		97,877		106,362
. Tax		24,539		19,044		30,527		6,170		14,208
Income tax	24,539		19,044		30,527		6,170		14,208	
. Net Income		169,751		138,084		132,621		91,706		92,153

EBITDA	399,705	372,861	405,885	381,894	396,596
EBITDA margin	39.0%	36.2%	38.6%	34.7%	38.7%

Balance Sheet

As of Mar. 31, 2003

KTF

Not audited nor reviewed by external auditor.

(Unit : KRW Mn)

	1Q - 2003	4Q - 2002	1Q - 2002		1Q - 2003	4Q - 2002	1Q - 2002
Assets	8,267,525	8,033,227	6,891,470	Liabilities	5,449,272	5,467,603	4,689,867
Current	1,813,045	1,315,196	1,815,318	Current	2,761,899	2,814,676	2,239,798
Quick	1,659,863	1,170,787	1,729,349	Trade payable	222,518	394,264	401,107
Cash	94,841	22,660	149,794	Other payable	558,170	878,751	658,151
Short - term financial investment	280,000			Short - term borrowings	660,000	530,000	390,000
Marketable securities	34,455			Advances from customer	16,443	16,366	24,943
Trade receivables	1,093,980	1,024,515	1,306,286	Withholdings	113,464	104,277	99,240
Other receivables	78,371	62,765	199,047	Accrued expenses	69,254	54,648	46,041
Short - term loans	8,592	5,276	20,017	Current portion of	1,088,625	792,494	610,997
Advanced payment	37,356	36,225	16,617	Long - term debt			
Prepaid expenses	25,211	19,302	37,383	Unearned income			8,586
Accrued income	6,855	7	92	Unpaid income tax	31,319	40,804	
Others	1	37	113	Others	2,106	3,071	733
Inventory	153,382	144,409	85,969	Non - Current	2,687,373	2,652,927	2,450,069
Non - current	6,454,481	6,718,031	5,076,152	Bonds	2,139,493	2,517,606	2,298,880
Investment	473,444	2,049,759	626,382	Long - term borrowings		100,000	115,977
Long - term financial investment	59	56	61	Long - term payables	505,609	536	2,285
Investment securities	100,106	102,386	29,666	Others	42,270	34,785	32,927
Investment - Equity method	9,354	1,597,148	283,129	Equity	2,818,253	2,565,624	2,201,602
Long - term loans	43,238	44,711	25,718	Capital Stock	955,703	920,290	920,290
Guarantee deposit	228,437	221,052	220,039	APIC	1,325,489	1,132,834	1,132,834
Deferred income tax	83,445	77,681	61,248	Retained Earnings	631,625	542,644	180,232
Others	8,805	6,725	6,521	Capital Adjustment	(94,563)	(30,144)	(31,754)
Tangible	4,752,878	4,657,319	4,439,709				
Lnad	123,507	124,401	100,766				
Buildings	179,926	181,359	143,951				
Structure	64,270	64,387	63,235				
Equipment & Machinery	3,547,676	3,642,564	3,333,348				
Vehicles	6,986	5,432	5,362				
Construction in progress	592,003	415,849	577,225				
Others	238,510	223,327	215,822				
Intangible	1,228,159	10,953	10,061				
Debt - Equity	193%	213%	213%				
Net Debt *	3,479,199	3,917,976	3,268,345				
Net Debt - Equity *	136%	153%	148%				
Interest - bearing debt *	3,888,495	3,940,636	3,418,139				
Short - term	1,748,625	1,322,494	1,000,997				

* Long-term payable for 3G license fee(505,232 Mn) is not included calculating Interest-bearing debt and ratios.