



2nd Quarter, FY2003 Earning Report

Investor Relations

KTF

Contents

- **Financial Highlights**
- Operational Highlights

Quarterly Income Statement

(Unit : KRW Mn)

Description	2Q-03	2Q-02	Change(%)	1Q-03	Change(%)
I. Operating Income	226,863	198,357	14.4%	195,387	16.1%
1. PCS Revenue					
Revenue	1,062,136	1,031,292	3.0%	1,025,187	3.6%
Mobile Originated	784,850	777,833	0.9%	763,550	2.8%
Interconnection	213,049	201,538	5.7%	195,963	8.7%
Resale	49,816	38,224	30.3%	51,114	-2.5%
Other rev. (700, 114)	1,529	1,033	48.0%	1,527	0.1%
Others	12,892	12,664	1.8%	13,033	-1.1%
Cost	836,235	834,064	0.3%	828,914	0.9%
Net	225,901	197,228	14.5%	196,274	15.1%
2. Handset Sales					
Revenue	218,944	218,375	0.3%	182,502	20.0%
Cost of Sales	217,982	217,246	0.3%	183,389	18.9%
Net	962	1,129	-14.8%	887	-208.5%
II. Non-operating items	73,324	41,229	77.8%	89,025	-17.6%
1. Net of Interest	69,230	42,242	63.9%	68,687	0.8%
2. Net of F/X gain	11,976	555	2057.8%	10,333	-215.9%
3. Other Non-op. items	16,070	458	-3608.7%	10,005	60.6%
III. Ordinary Income	153,539	157,128	-2.3%	106,362	44.4%
IV. Income before tax	153,539	157,128	-2.3%	106,362	44.4%
V. Income tax	20,656	19,044	8.5%	14,208	45.4%
VI. Net Income	132,883	138,084	-3.8%	92,153	44.2%

• All numbers in this material are not audited nor reviewed by external auditor

• CP (VAS) & Lottery sales and cost are net-based. FY2002 results are also amended by current accounting method

Both profitability & growth improved

- Increased service revenue (QoQ 3.6%)
 - Total subscribers increased (QoQ 1.1%)
 - Better ARPU due to improved subscriber quality and increased MOU (QoQ 3.4% including interconnection)
 - Data revenue and VAS revenue increased (QoQ 6%, 8%)
- Improved operating income (QoQ 16.1%)
 - Maintained low marketing expense (QoQ 6%)
 - Q1's abnormal one-time cost diminished - USO expense decrease (QoQ 38%)

(Unit : KRW Bn, Thousands)

	2Q-2003	1Q-2003	Change
Subscribers	10,488	10,375	1.1%
Service Revenue	1,062.1	1,025.2	3.6%
Op. Income	226.9	195.4	16.1%
EBITDA	429.5	396.6	8.3%
EBITDA Margin	40.4%	38.7%	1.7%p
Net Income	132.9	92.2	44.2%

Revenue

(Unit : KRW Mn)

Description	2Q -03	2Q -02	%Change	1Q -03	%Change
Service Revenue	1,062,136	1,031,292	3.0%	1,025,187	3.6%
Activation Fee	10,368	12,092	-14.3%	9,431	9.9%
Monthly Fee	389,200	391,353	-0.6%	390,670	-0.4%
Airtime Charge	311,615	316,132	-1.4%	295,078	5.6%
VAS	116,935	88,654	31.9%	107,797	8.5%
(Discount)	(43,267)	(30,399)	42.3%	(39,426)	9.7%
Interconnections	213,049	201,538	5.7%	195,963	8.7%
KT Resale	49,816	38,224	30.3%	51,114	-2.5%
Other rev. (700,114)	1,529	1,033	48.0%	1,527	0.1%
Others	12,892	12,664	1.8%	13,033	-1.1%
Handset Sales	218,944	218,375	0.3%	182,502	20.0%
Total Sales	1,281,080	1,249,667	2.5%	1,207,689	6.1%

Despite the tariff and interconnection rate cut early this year, service revenue reached KRW 1.06 Tn (QoQ 3% increase)

- Sign-up fee : An increase of 10% from 1Q-03 thanks to new subscription increase
- Monthly fee : A decrease from 2Q-02 due to tariff cut
- Airtime charge : An increase of 6% from 1Q-03 due to recovered ARPU and subscriber base increase

VAS revenue : QoQ 8% increase thanks to higher wireless data usage and value added services like 2Ring, Catchcall etc

Interconnection : Despite drop of interconnection rate, 9% increase from 2Q-02 due to increase in MM terminated calls

M-commerce and International roaming revenue steadily increase by 34% and 23% respectively from 1Q-03

KT resale : Though actual resale revenue increased, due to estimation error, there was 3% decrease from previous quarter

An amended revenue sharing model applied from May 2003

KTF's share after May : Total interconnection revenue plus KRW 89.39 per minute including free calls

KTF's share before May : KTF's share is 49% of total resale revenue

Handset sales : QoQ 20% increase to KRW 218.9 Bn because portion of mid-to-high tier models increased and total number of subscribers increased though marketing cost decreased

Operating Expense

(Unit : KRW Mn)

Description	2Q-03	2Q-02	% Change	1Q-03	% Change
1. Labor	49,292	45,041	9.4%	49,642	-0.7%
2. Fees	95,273	74,774	27.4%	96,018	-0.8%
3. Interconnection	120,845	114,021	6.0%	107,320	12.6%
4. Overseas call	1,410	1,715	-17.8%	1,294	9.0%
5. Information charge (CP)	839	150	459.3%	709	18.3%
6. Rent	24,991	19,236	29.9%	20,147	24.0%
7. Depreciations	203,559	175,633	15.9%	200,322	1.6%
8. Leased line	89,838	95,501	-5.9%	89,165	0.8%
9. Utilities	9,911	9,024	9.8%	9,448	4.9%
10. Repair & maintenance	14,138	10,772	31.2%	6,120	131.0%
11. Lease	10,015	12,122	-17.4%	10,015	0.0%
12. Marketing	157,721	220,534	-28.5%	168,563	-6.4%
13. Bad debt	13,397	21,025	-36.3%	11,575	15.7%
14. Tax & obligations	6,370	12,553	-49.3%	15,693	-59.4%
15. USO	15,183	-		24,545	-38.1%
16. Others	23,453	21,963	6.8%	18,338	27.9%
17. Cost of Handset Sold	217,982	217,246	0.3%	183,389	18.9%
Total	1,054,217	1,051,310	0.3%	1,012,303	4.1%

Total operating expense remained at the same level compared to that of 2Q-02

Fees : 27% increase to 952 Bn due to an increase in out-sourcing of C/S center and network maintenance

Interconnection : Despite of 10% rate-cut, YoY 6% increase because number of subscriber and MO calls increased

Labor : 9% increase from 2Q-02 due to 2.9% salary increase in FY03 and absorption of KTICOM employees

Depreciation : 16% increase to 203.6 Bn due to expansion of 1x & EV-DO network and 2G spectrum integration from FY02

Repair & maintenance : QoQ 131% increase because of increased relocation of BTS

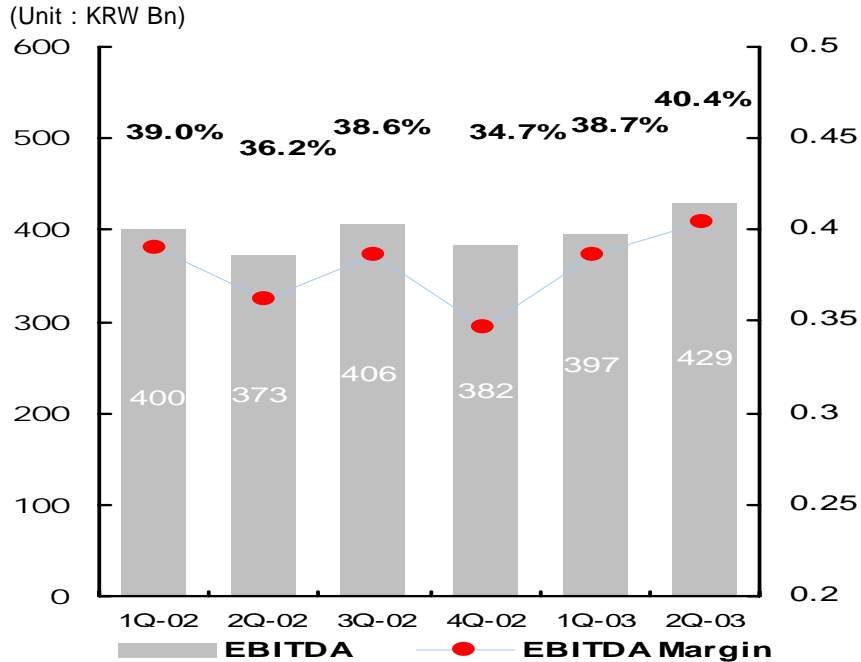
Marketing cost : Maintained low level of acquisition and advertisement cost through an effective management of sales activity

Bad debt : QoQ 16% increase not because of bad net ratio change but increased shipment of handsets

USO : QoQ 38% decrease because there was temporary increase of USO expense in previous quarter

EBITDA & Capex

EBITDA



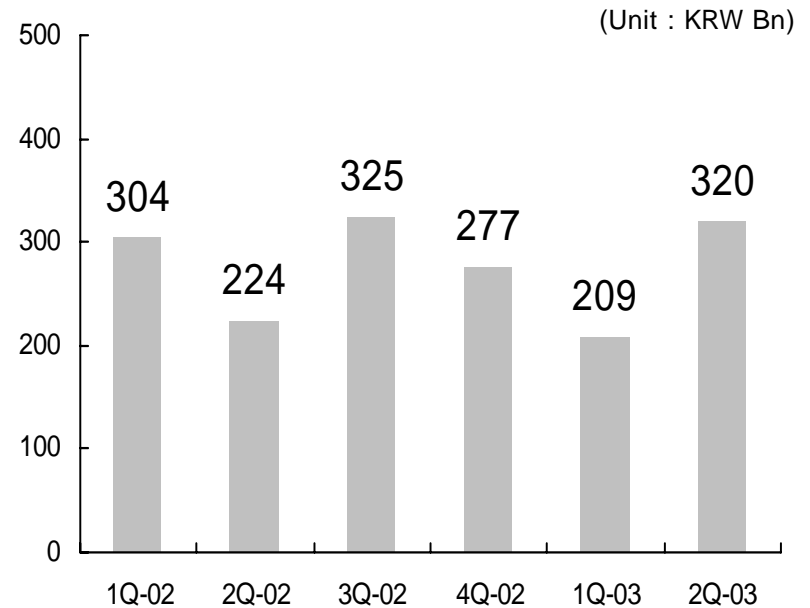
) EBITDA = Operating Income + Depreciation - (Handset Sales - Handset sales Cost)

EBITDA margin = EBITDA / Service Revenue

EBITDA margin reached beyond 40%

- Increase of EBITDA due to improved total revenue
 - a) subscribers, b) VAS revenue and c) MOU increase
- Lower marketing cost thanks to effective sales management
- Temporarily increased USO in previous quarter led to relatively low level of related expense in 2Q

Quarterly Capex

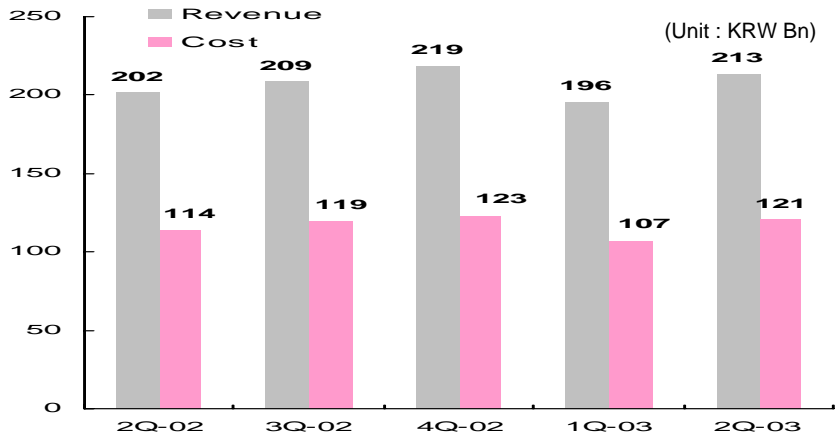


* FY2003 Capex results are including KTICOM's before merger

	BTS	2G	cdma2000 1x	EV-DO
'03 2Q		6,434	2,482	1,798
'03 1Q		6,283	2,408	1,087

Interconnections

Revenue and Cost



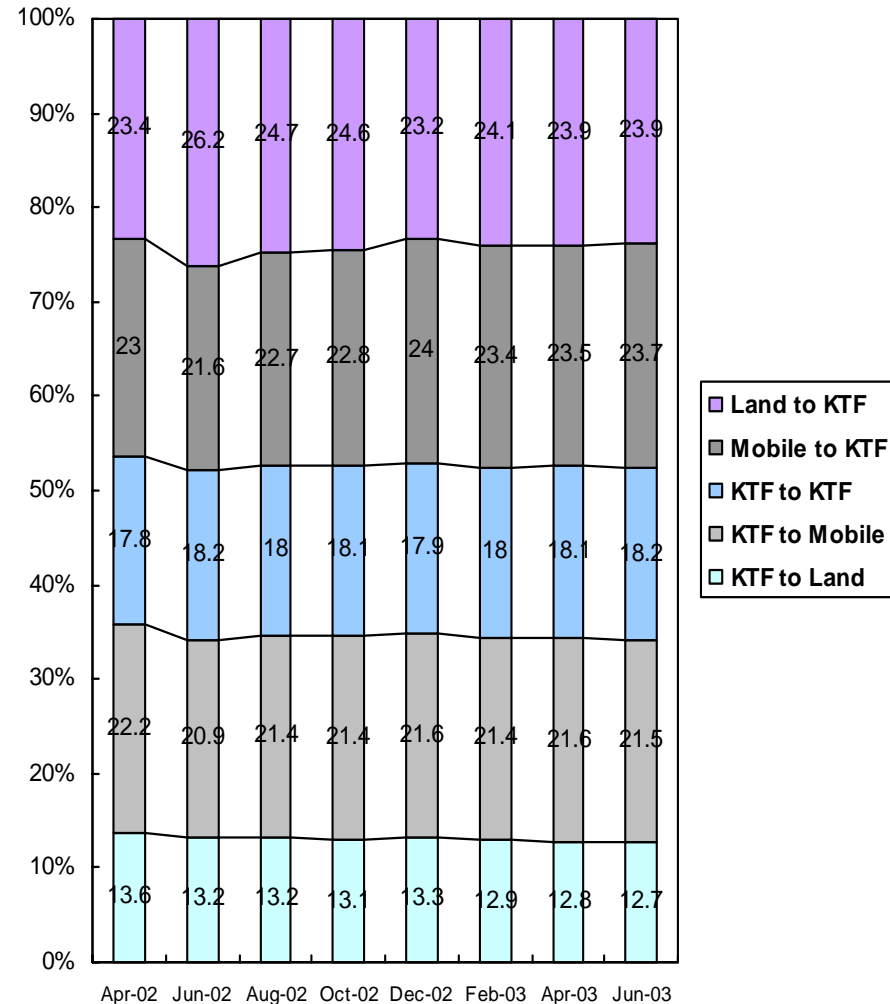
Net of Interconnections

- Revenue & cost, both increased due to increased MOU
- Net of interconnections increased to 922 Bn from 875 Bn of 2Q-02 mainly because MM revenue increased

Quarterly Breakdown

Descriptions		2Q-02	3Q-02	4Q-02	1Q-03	2Q-03
L M	Rev	98	99	102	96	96
	Exp	23	23	23	19	21
MM	Rev	104	110	117	99	117
	Exp	91	96	99	88	100

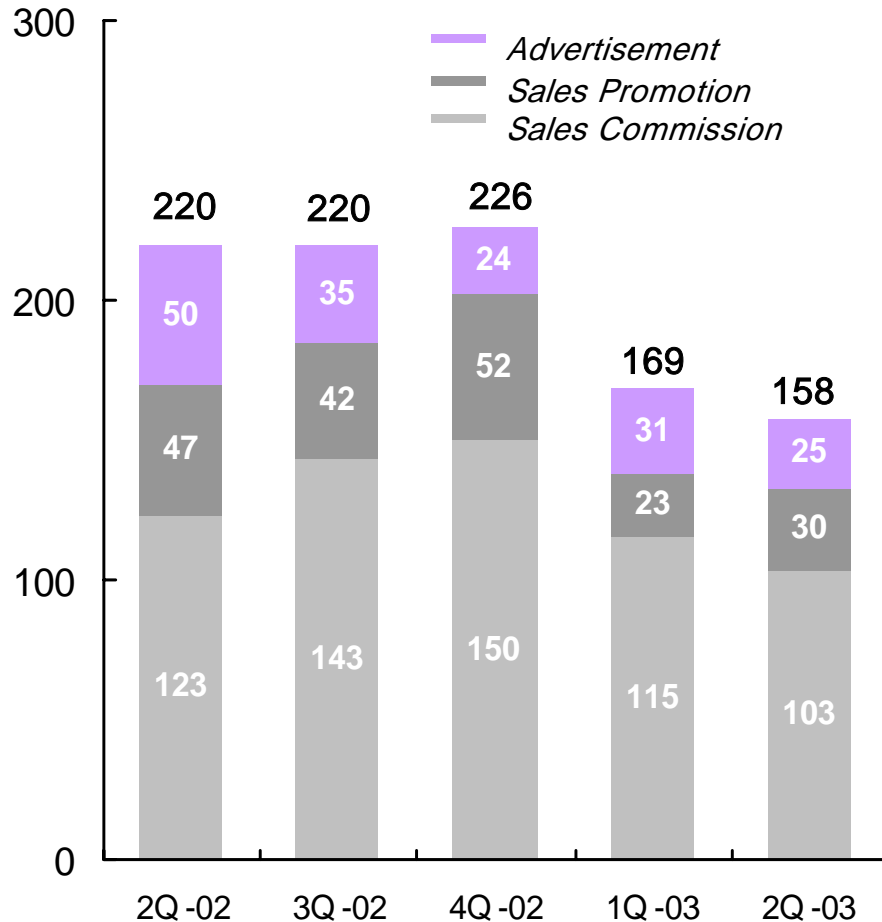
Call Traffic



Marketing Cost

Quarterly Breakdown

(Unit : KRW Bn)



Acquisition vs. Retention

(Unit : KRW Bn)

Description	2Q-03	2Q-02	% Change	1Q-03	% Change
Acquisition Commission	25	33	-24.2%	29	-13.8%
Promotion	6	21	-71.4%	5	20.0%
Sub Total	31	54	-42.6%	34	-8.8%
Per 1 new subs.	61,196	86,606	-29.3%	69,488	-11.9%
Retention Commission	78	90	-13.3%	86	-9.3%
Promotion	24	26	-7.7%	18	33.3%
Sub Total	102	117	-12.8%	103	-1.0%
Advertisement	25	50	-50.0%	31	-19.4%
Total Marketing Cost	158	221	-28.5%	169	-6.5%

Total marketing cost amounts to 157.7 Bn :

QoQ 29% decrease

- Well-maintained cost-effective sales activity as acquisition cost per subscriber is KRW 61,196, 1.5 times of ARPU

2Q-03 advertisement cost decreased by 19% compared to 1Q-03

Non - operating items and Income Tax

Non-op. Items

(Unit : KRW Mn)

Non-operating Items	2Q-03	2Q-02	% Change	1Q-03	% Change
Interest gain	1,772	7,494	-76.4%	1,986	-10.8%
Interest loss	71,002	49,736	42.8%	70,673	0.5%
Net of Interest	69,230	42,242	63.9%	68,687	0.8%
F/X-related gain	1,646	761	116.3%	91	1710.1%
F/X-related loss	10,329	205	-5138.5%	10,424	-199.1%
Net of F/X	11,976	555	2057.8%	10,333	-215.9%
Other gains	14,150	12,428	13.9%	18,525	-23.6%
Other losses	30,220	11,970	152.5%	28,530	5.9%
- Disposition of tangible	22,487	4,964	353.0%	17,508	28.4%
- Others	7,733	7,006	10.4%	11,022	-29.8%
Net of others	16,070	458	-3608.7%	10,005	60.6%
Total Non-op. gains	17,568	20,683	-15.1%	20,602	-14.7%
Total non-op. losses	90,893	61,911	46.8%	109,627	-17.1%
Net Non-op. Items	73,324	41,229	77.8%	89,025	-17.6%

Total non-operating profit improved to 73.3 Bn from 89.0 Bn in 1Q

Interest loss increased YoY 43%, QoQ 0.5%

- Interest bearing debt increased from KTICOM merger
Total interest bearing debt as of June 30 is 3,448.5 Bn
- Contribution from ceased capitalization of interest loss from asset in construction
- Booked interest expense related to long-term payables from W-CDMA license fee (3.3 Bn in 1Q, 10.3 Bn in 2Q)

F/X profit 12 Bn in 2Q-03 due to weakening KRW

- Foreign currency denominated debt as of 2Q-03 : USD 6.6 Mn, JPY 23.6 Bn
- F/X rate change from previous quarter
 \backslash /USD : 1,252.9 1,193.1 \backslash /JPY : 10.42 9.99

Among the total KRW 40 Bn, disposition loss of tangible asset, 36.6 Bn is an expense of relocation and disposal of BTS in the course of spectrum integration

Income Tax

(Unit : KRW Mn)

Description	2Q-03	2Q-02	% Change	1Q-03	% Change
Pre-tax Income	153,539	157,128	-2.3%	106,362	44.4%
Tax	20,656	19,044	8.5%	14,208	45.4%
Effective tax rate	13.5%	12.1%		13.4%	
Net Income	132,883	138,084	-3.8%	92,153	44.2%

Low effective tax rate because tax credit carried forward from KTM.com merger

- Tax-saving : 45.0 Bn in FY01, 53.1 Bn in FY02, 9.3 Bn in 1Q-03, 13.7 Bn in 2Q-03
- Referring to remaining credit of 350 Bn as of end of Q2, maximum amount of tax saving will be 100 Bn
In 2nd half this year, we expect an equal level of tax-saving as in 1st half

Temporary tax benefit from investment

- Among the total tax credit, 100 Bn from investment in FY01 and FY02, actual tax-saving will amount to 45 Bn based on minimum tax payment rule
- Using tax credit, 55 Bn transferred from FY02, 14.6 Bn in 1Q and 18.7 Bn in 2Q reflected on P/L
- In 2nd half of 2003, credit transferred from the past and additional tax credit for investment in 2003 will be reflected and according to financial performance and minimum tax payment rule, total amount of deduction will be decided

Balance Sheet

As of June 30, 2003

(Unit : KRW Mn)

Assets	8,152,060	Liabilities	5,200,753
Current	1,591,200	Current	2,803,328
Quick	1,454,818	Fixed	2,397,425
Inventory	136,382		
Fixed	6,560,860	Equity	2,951,307
Investment	483,525	Capital Stock	955,703
Tangible	4,845,636	APIC	1,325,489
Intangible	1,231,700	Retained Earnings	764,508
		Capital Adjustment	94,392

(Unit : KRW Bn)

Debts	2Q-2003	1Q-2003	Change
Interest bearing	3,448	3,888	440
Current portion	1,601	1,749	148
Net debt	3,365	3,479	114
Foreign currency denominated	8 (\$6.6mn) + 235 (JPY23.6bn)	16 (\$12.7mn) + 246 (JPY23.6bn)	19 (UDS 6.1mn)

Ratios

Quarterly	2Q-03	1Q-03
Debt/Equity	176%	193%
Net debt / Equity	114%	123%
Interest Coverage	3.18	2.78
EBITDA interest coverage	6.05	5.61
EBITDA Margin	40.4%	38.7%
Operating Margin	21%	19%

Interest-bearing debt	Short-term	280 Bn
	Current portion of long-term	1,321 Bn
	Bonds	1,848 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.

Clear Return Program for Shareholders

Mid - to - long term return program for shareholders

- Execution of profit return program from year 2003
- Gradual enlargement of total payout ratio till 2006
- Based on stable ability to generate cash, portion of cash - dividend payout will be increased from 2004

Annual Profit Return

	FY2004	FY2005	FY2006
Amount of Return	35% of FY 03's net income	40% of FY 04's net income	50% of FY 05's net income
Method of Return	Cash dividend or share buy-back & cancellation		

An execution plan of share buy-back & cancellation worth 100 Bn within year 2003 was already announced

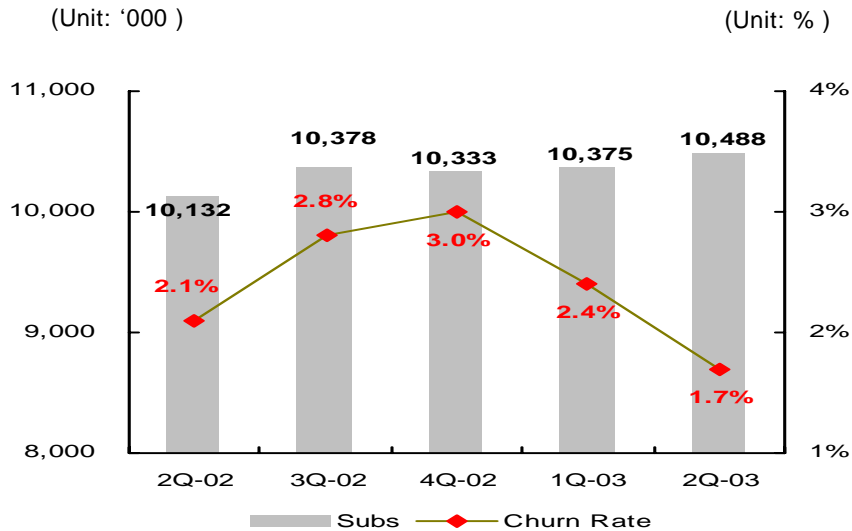
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- Financial Highlights

- **Operational Highlights**

ARPU & Churn Rate

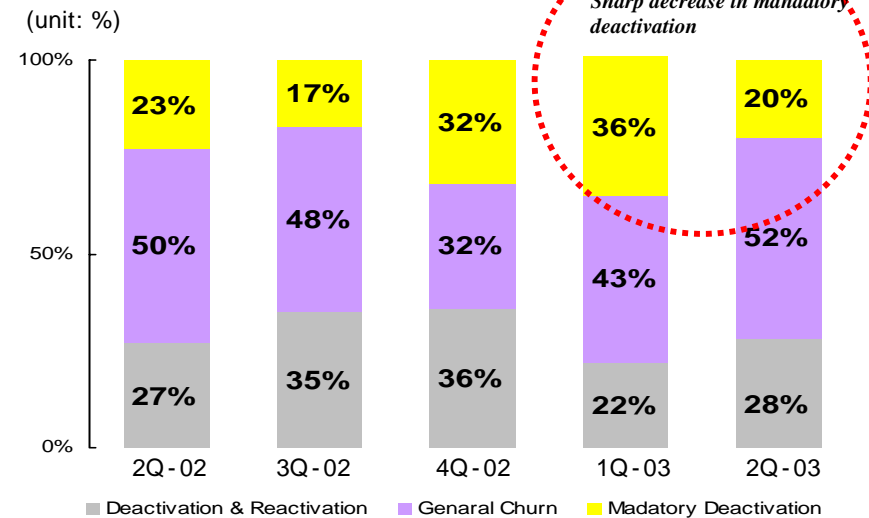
Subs & Churn Rate Trend



- **Increase in subs(+1% vs. 1Q FY03) and decrease in churn rate(+0.7%p vs. 1Q FY03) accomplished**

- This resulted from management's effort to improve the quality of subs from FY02 4Q to FY03 1Q
- Big impact from mandatory deactivation in FY03 2Q, which led to a solid sub's base

Churn Analysis-KTF Only



- **'Weed-out' process shows improvements in quality of subs**

- **Expected long-term impacts**

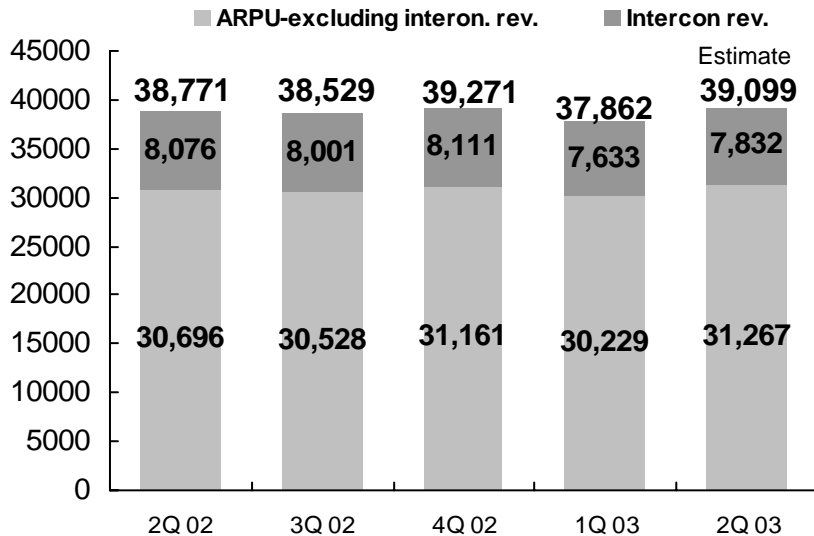
- Improvement in the cost-effective marketing skill
- Enhancement of marketing channels
- Improvement in ARPU

ARPU & MOU

ARPU *

* Activation & free usage fee excluded
* Net-based

(Unit: KRW)



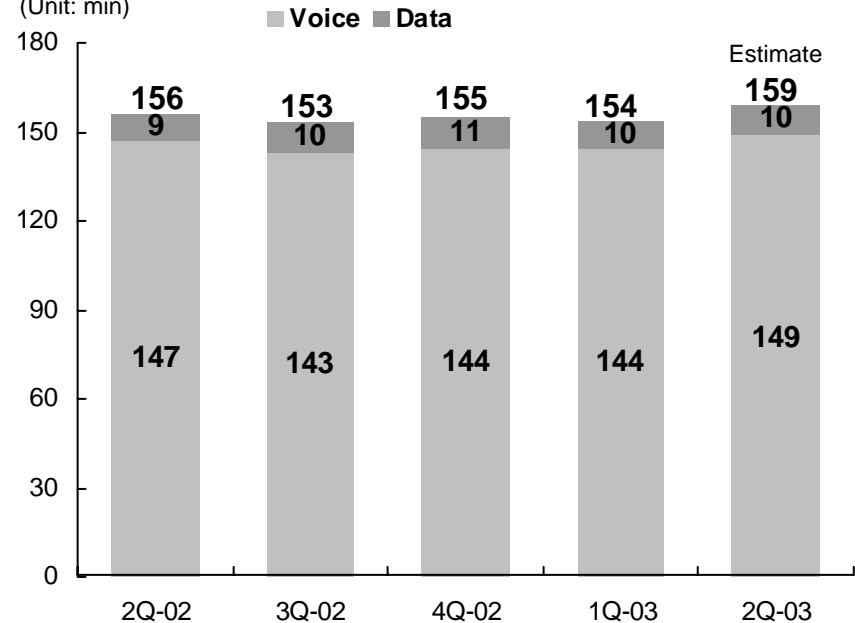
- Increase by 3% in total ARPU and 3% in outgoing ARPU compared to 1Q FY03

- Increase by 1% in total ARPU and 2% in outgoing ARPU compared to 2Q FY02

Elimination of seasonal effect
Introduction of new VAS (ex, BGM) and increased usage of VAS & FIMM service
Results of sub's quality enhancement policy

Outgoing MOU

(Unit: min)



- Voice MOU

- Due to the elimination of seasonal effect
Voice MOU increased sharply

- Data MOU

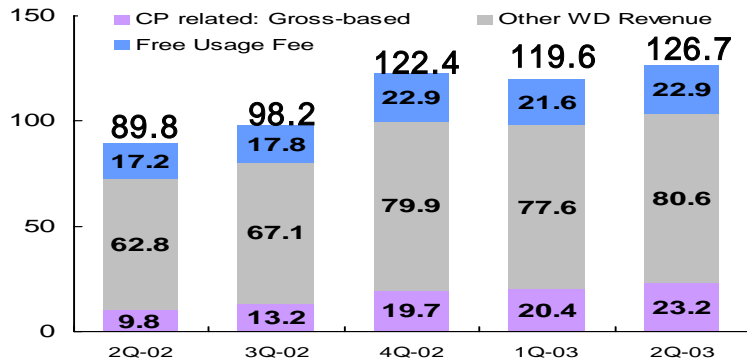
-Although data MOU looks stable, actual packet volume is dramatically increasing in accordance with the upgrade to the faster data transmission network

Wireless Data Revenue Breakdown

WD Revenue Composition: Gross-based

(Unit: KRW bn)

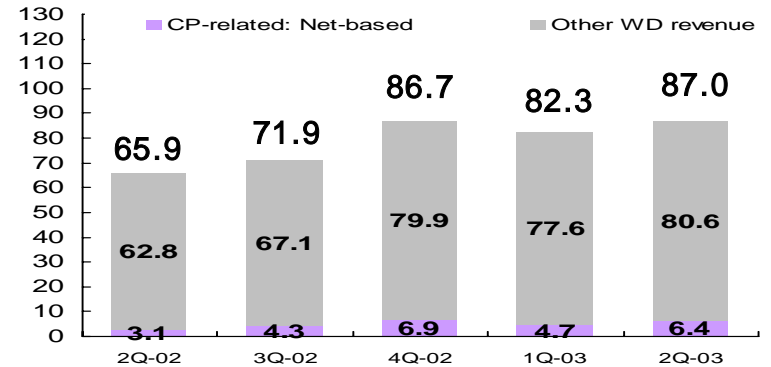
*Free usage fee included



WD Revenue Composition: Net-based

(Unit: KRW bn)

*Free usage fee excluded



Change in Accounting Principle for CP-related Revenue

- **Before**
 - Revenue recognition: Gross-based
 - Expense: Contents usage fee
 - **After**
 - Revenue recognition: Net-based
 - **Analysis: No impact on net income**
-
- **Increased CP-related revenue sharing ratio**
 - FY03 2Q gross-based revenue: 23.2bn
 - FY03 2Q net-based revenue: 6.4bn
 - ▶ KTF:CP=28%:72%
 - FY03 1Q gross-based revenue: 20.4bn
 - FY03 1Q net-based revenue: 4.7bn
 - ▶ KTF:CP=23%:77%

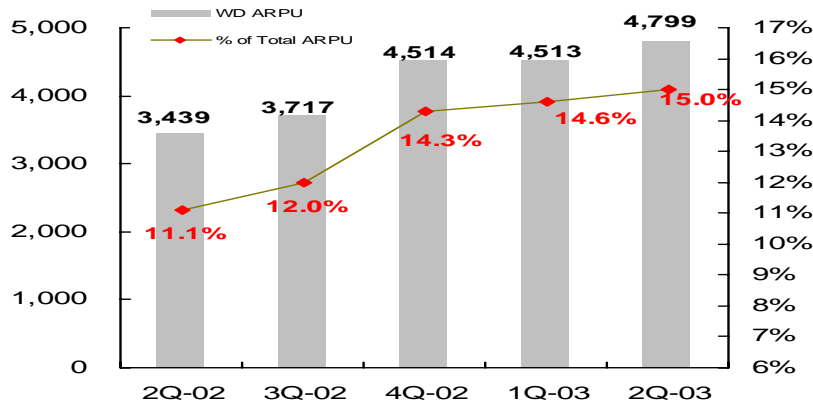
- **Content usage revenue portion of wireless data revenue sharply increased by 36% compared to 1Q FY03**
- **Increase in gross-based WD revenue**
 - 6% increase against 1Q FY03
 - 41% increase against 2Q FY02
- **Increase in net-based WD revenue**
 - 6% increase against 1Q FY03
 - 32% increase against 2Q FY02
- **Sharp increase in CP-related revenue**
 - 36% increase against 1Q FY03
 - 106% increase against 2Q FY02

Wireless Data ARPU

WD ARPU*: Gross-based

(Unit: KRW)

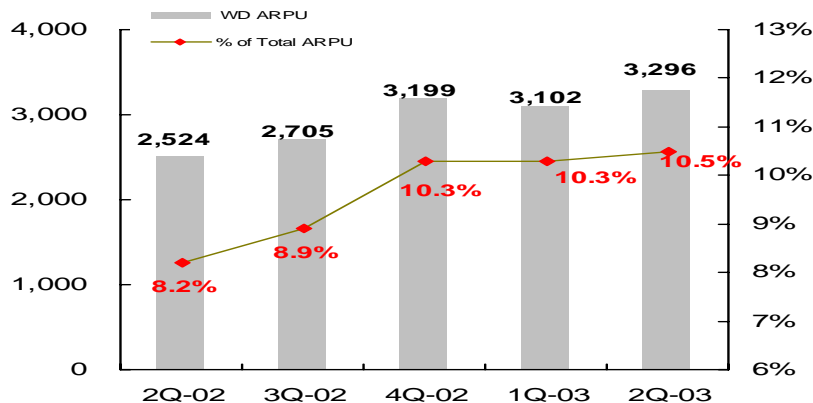
*Free usage included



WD ARPU*: Net-based

(Unit: KRW)

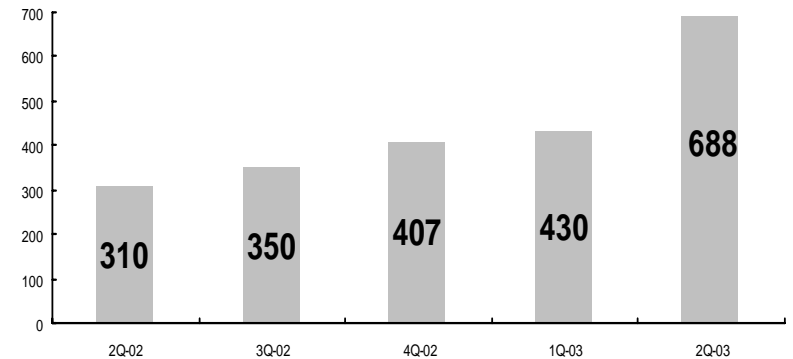
*Free usage excluded



POU*

(Unit: Packet)

*Based on total subs & free packets included



■ Increase in WD POU

60% increase against 1Q FY03

121% increase against 2Q FY02

- Due to FIMM promotion - 'unlimited usage'

■ Increase in WD ARPU

6% increase against 1Q FY03

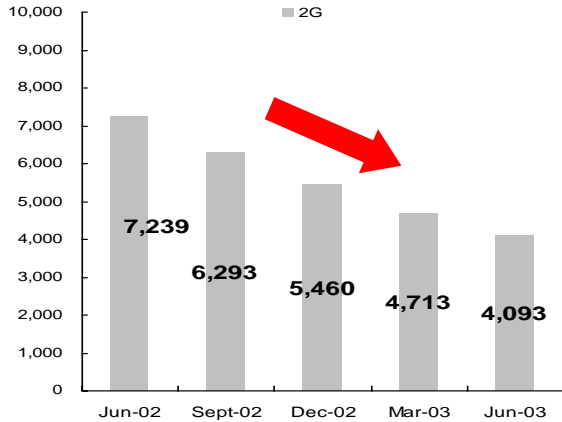
26% increase against 2Q FY02

- Vitalization of multimedia service
- Introduction of new VAS (ex, BGM) and increase in VAS revenue

Analysis of Subs by Network

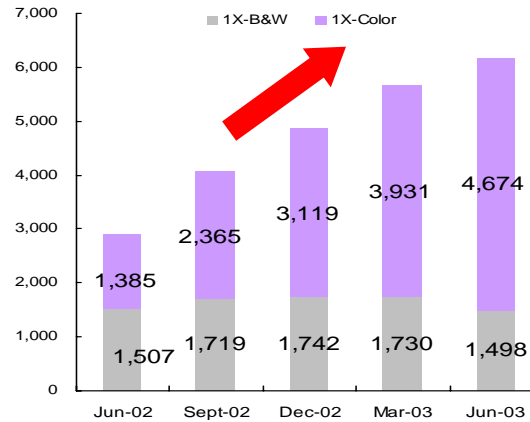
2G

(Unit: '000)



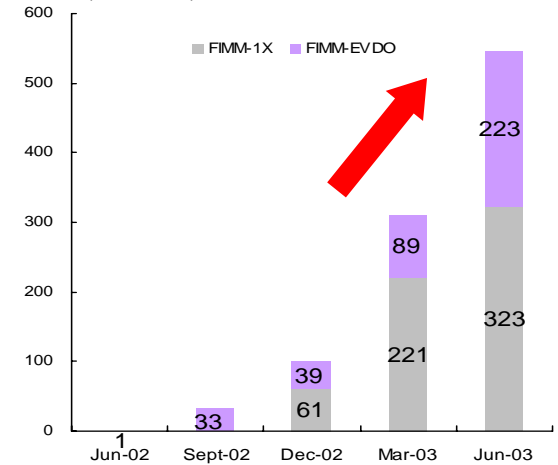
1X

(Unit: '000)



FIMM

(Unit: '000)



■ **In contrast to a decrease in 2G subs, color subs, typically EV-DO subs rapidly increased**

- **Growth rate in FIMM 1X subs: 45% (FY03 1Q vs. FY03 2Q)**
- **Growth rate in FIMM EV-DO subs: 151% (FY03 1Q vs. FY03 2Q)**

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

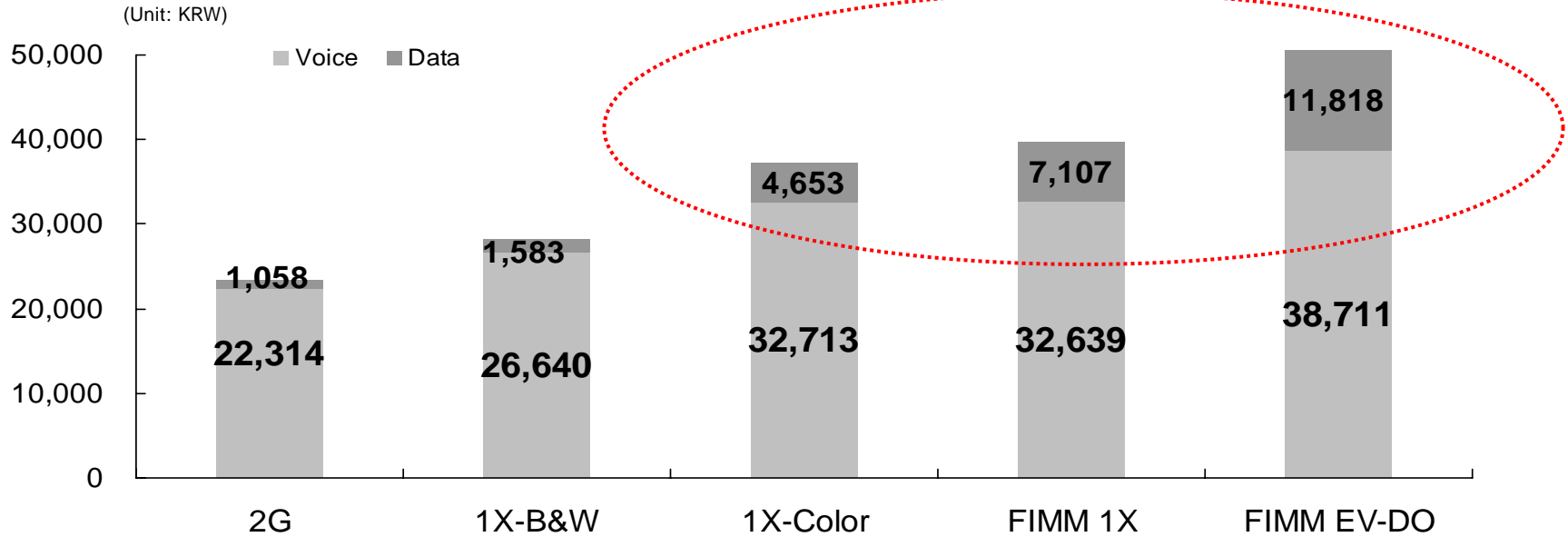
EV-DO handset prices decreasing and more choices for customers with new models

To increase availability and market share KTF continues to expand coverage and introduced 'unlimited usage' promotion to EC-DO customers

Multimedia services appealing to customers(ex, MMS and Software/Hardware VOD service)

Analysis of ARPU* by handset

*Activation fee, intercon rev, free usage excluded *Net-based
*as of 2Q FY03



■ Higher data ARPU of high-end handset users

1x Color ARPU: Users of 1X color handsets have shown dramatic increase in VOD and mobile game usage. Its data ARPU is 34 times greater than 2G users'.

FIMM 1X ARPU: Moving one step higher, FIMM 1X supports software based VOD service and is equipped with MMS function with a built-in camera. Users of this model shows a 35% increase in data ARPU than 1X color users'

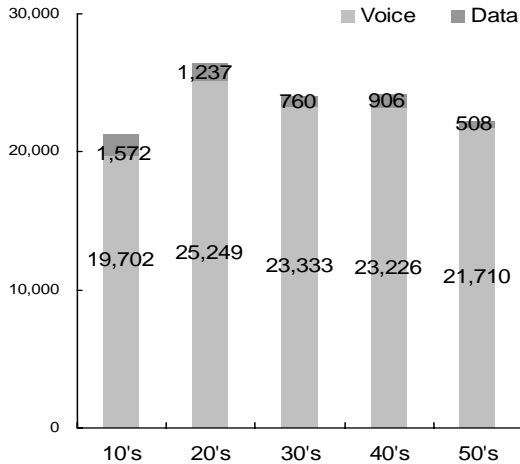
FIMM EV-DO ARPU: Finally, equipped with a MPEG chipset, the FIMM EV-DO supports real-time broadcasting, movies, music video service, which are far superior to its predecessors. Its POU increased dramatically from its predecessors, as well as data ARPU which increased 154% and 66% from its older 1X color and FIMM 1x generation

Analysis of ARPU* by Age Group

*Activation fee, intercon rev, free usage excluded *Net-based
*as of 2Q FY03

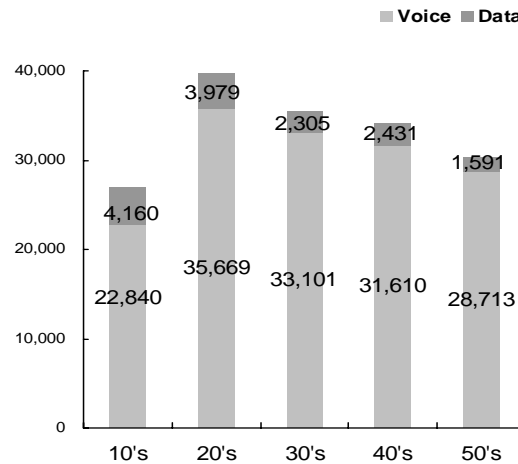
2G

(Unit: KRW)



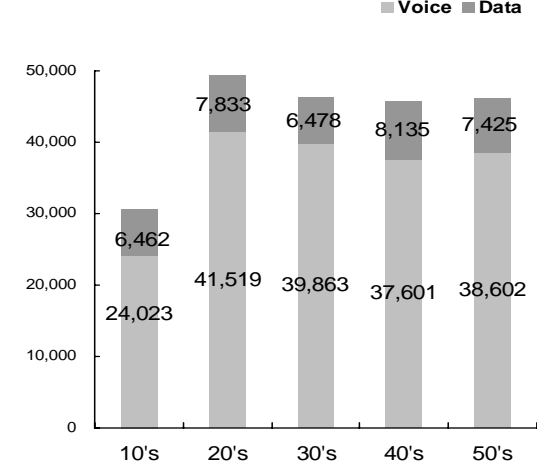
1X

(Unit: KRW)



FIMM

(Unit: KRW)



■ Heavy usage centers around teens and twenties

Demographically, teens and twenties are more apt to use wireless data service as shown by the above graph. They also tend to use more VAS and data applications

Some of the more popular usages are 2Ring, Multipack, games, MMS and VOD

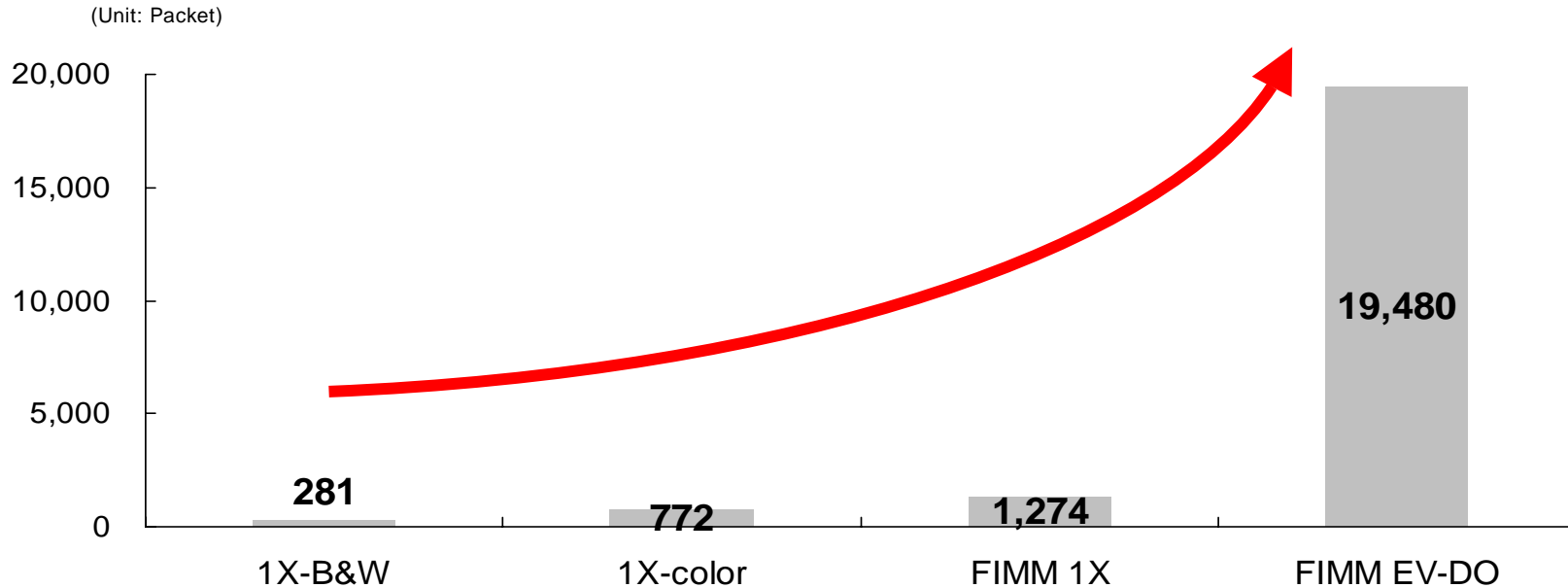
■ Handset replacement moves toward higher-end handsets

Consumers are replacing handsets with more and more features, which leads to increase wireless data ARPU-regardless of age

Adults over 30's try new applications after upgrade to newer and more diverse phones

Analysis of POU*

* Free usage included * as of 2Q FY03



■ More features, More usage

1X B&W, at the lower-end of the technical spectrum, shows low usage because popular applications are offered with low quality and low volume content

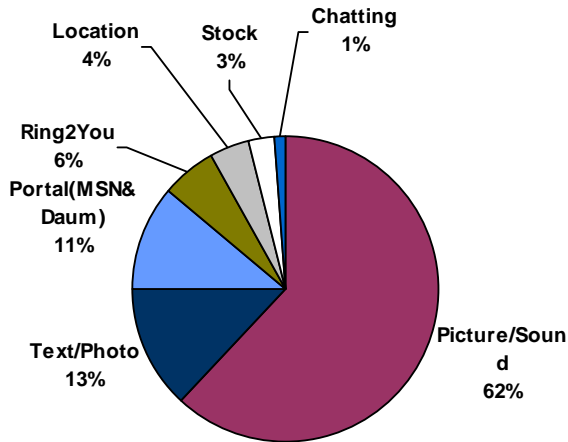
As we wrote to 1X, Consumers are using a bit more POU due to games and VOD with much higher quality

At the higher-end of the spectrum we can see dramatic increase in POU. FIMM EV-DO provides more higher quality VOD service activated on MPEG chipset and MMS functionality.

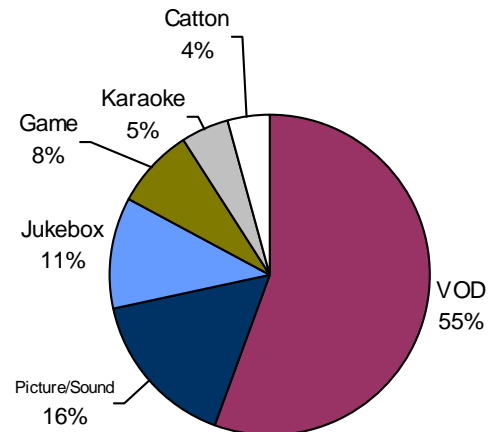
Analysis of Content Usage

*Base on Top 10 contents * as of June 03

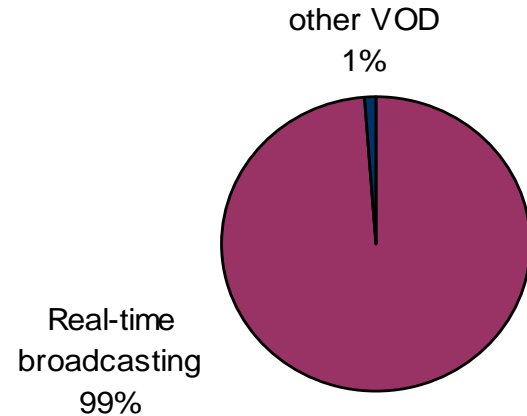
MagicN



Multipack



FIMM



More colorful, higher VOD usage

MagicN Content Usage Pattern: The killer applications of 2G are ringtone and wallpaper. The black and white screen clearly has application limitation with regards to multimedia and games

Multipack Content Usage Pattern: The Killer application of 1x is software VOD activated on BREW platform, followed closely by ringtone. BREW platform is a middleware allowing application to run in a native environment

FIMM Contents Usage Patterns: VOD contents constitute 100% of Top 10 contents. This is mainly due to streaming stability transmitted over EV-DO network and VOD promotion. Sooner or later, It will contribute higher portion to wireless data revenue in accordance with wide-spread of EV-DO handsets

Other information

of Subs

(unit: '000)

Subs	2Q-2002	3Q-2002	4Q-2002	1Q-2003	2Q-2003
Activation	816	1,112	903	781	657
Deactivation	637	866	948	739	544
Net Addition	180	246	45	42	113
# of Subs as of Quarter	10,132	10,378	10,333	10,375	10,488
M/S	32.8%	32.4%	31.9%	31.6%	31.6%
Activation-KTF only	618	943	762	495	513
Deactivation-KTF only	506	722	839	639	446
Net Addition-KTF only	112	221	77	143	66
KT Resale Subs	1,366	1,391	1,422	1,608	1,655

of Employee

(unit: person)

	As of FY 00	As of FY01	As of FY02	As of 1Q FY03	As of 1Q FY04
Regular	1,761	1,683	2,094	2,097	2,106
Non-regular	2,016	901	839	791	728
Total	3,777	2,584	2,933	2,888	2,834

of Cell Cites

	2G	1X	EV-DO
BTS	6,434	2,482	1,798
Coverage	98%	85%	66%

Appendix

- Quarterly Income Statement for FY2002 and FY2003
- Balance Sheet as of June 30, 2003

Quarterly Income Statement

KTF		Not Audited nor Reviewed by external auditors.				(Unit : KRW Mn)	
Descriptions	2002. 4 - 6	2002. 7 - 9	2002. 10 - 12	2003. 1 - 3	2003. 4 - 6		
	Amount	Amount	Amount	Amount	Amount		
. Total Sales	1,249,667	1,371,687	1,371,187	1,207,689	1,281,080		
PCS Service	1,018,628	1,038,889	1,087,950	1,012,154	1,049,244		
<i>Activations</i>	12,092	21,199	15,328	9,431	10,368		
<i>Monthly Fee</i>	391,353	395,657	407,405	390,670	389,200		
<i>Airtime charge</i>	316,132	309,688	317,644	295,078	311,615		
<i>Value-added service</i>	88,654	95,124	113,811	107,797	116,935		
<i>(PCS discount)</i>	(30,399)	(34,393)	(38,969)	(39,426)	(43,267)		
<i>Interconnection</i>	201,538	209,465	219,233	195,963	213,049		
<i>Resale</i>	38,224	40,924	52,216	51,114	49,816		
<i>Fees from other services</i>	1,033	1,225	1,282	1,527	1,529		
Others	12,664	13,039	12,150	13,033	12,892		
<i>Handset rental</i>	926	926	0	0	0		
<i>Overseas call</i>	9,725	9,436	9,121	8,586	8,168		
<i>M-commerce</i>	656	806	1,076	2,013	2,702		
<i>International Roaming</i>	780	975	682	638	788		
<i>Other overseas service</i>	543	436	429	432	470		
<i>K-merce Lottery</i>	31	36	107	41	43		
<i>M-Ad.</i>		38	66	167	501		
<i>Credit card service</i>	2	385	669	1,156	220		
Handset	218,375	319,758	271,086	182,502	218,944		
<i>Handset</i>	218,497	319,900	271,198	182,584	219,025		
<i>(Handset discount)</i>	(121)	(142)	(112)	(82)	(81)		
. Operating Expense	1,051,310	1,145,357	1,184,193	1,012,303	1,054,217		
Salary & Bonus	31,600	31,573	29,407	35,305	32,638		
Fees for temporary employee	302	346	415	205	239		
Out-sourcing employee	1,770	2,230	1,908	2,183	1,637		
Retirement	3,256	3,554	2,160	3,450	4,618		
Fringe benefits & others	5,866	4,972	6,476	6,718	7,185		
Rent	19,236	20,478	22,866	20,147	24,991		
Lease	12,122	12,125	14,009	10,015	10,015		
Service fee & commission	74,774	80,347	85,519	96,018	95,273		
Depreciations	175,253	184,106	194,478	199,846	202,877		
Amortizations	380	411	447	476	682		
Tax & dues	12,553	9,901	10,750	15,693	6,370		
Fare	1,627	2,117	1,791	1,673	2,175		
Insurance	851	(413)	379	263	594		
Interconnections	114,021	118,617	122,781	107,320	120,845		
Overseas call cost	1,715	1,596	1,854	1,294	1,410		
Leased line cost	95,501	91,304	90,989	89,165	89,838		
CP info usage charge	150	156	176	709	839		
Universal service obligations sharing		23,104	8,671	24,545	15,183		
Vehicles	393	448	460	421	582		
Educations	2,176	1,434	2,094	1,612	1,528		
Ordinary R&D	4,861	2,148	10,378	2,279	5,215		
Awards	70	1,400	9,115	170	1,447		
Entertainment	234	288	340	349	384		

Quarterly Income Statement-continued

Descriptions	2002. 4 - 6		2002. 7 - 9		2002. 10 - 12		2003. 1 - 3		2003. 4 - 6	
	Amount		Amount		Amount		Amount		Amount	
Sales commission	122,960		142,667		150,121		114,618		102,796	
Sales promotions	47,193		42,108		51,900		23,106		30,187	
Advertisement	50,382		35,492		24,300		30,839		24,739	
Bad Debt	21,025		(25,995)		8,410		11,575		13,397	
Travel & Car fare	1,456		967		1,208		1,073		1,093	
Utilities	9,024		12,092		9,906		9,448		9,911	
Communications	7,114		6,916		7,309		7,584		7,277	
Repair & Maintenance	10,772		18,348		34,627		6,120		14,138	
Office supplies	2,210		2,089		3,207		2,469		2,521	
Other researchs	1,510		1,968		2,755		775		1,940	
Book & Printing	248		132		151		140		264	
Conference & managerial events	1,442		1,512		1,754		1,312		1,408	
Internet shopping	0		7		11		0		0	
Handset sales	217,246		314,797		271,061		183,389		217,982	
Miscellaneous Expenses	18		13		12		0		0	
.Operating Income		198,357		226,329		186,994		195,387		226,863
.Non-operating gains		20,683		13,411		17,476		20,602		17,568
Interest	7,494		761		1,665		1,986		1,772	
Disposition of marketable securities	0		0		0		3		105	
Evaluation of marketable securities	0		0		0		0		67	
Dividend	0		0		0		95		651	
Rent	2,529		2,803		2,729		1,179		2,161	
Equity method evaluation	(480)		(639)		(1,901)		3,635		(110)	
FX transactions	650		44		555		77		342	
FX translations	110		805		(991)		14		1,304	
Disposition of Investment	52		0		0		0		2,275	
Disposition of tangible asset	161		72		327		1,147		26	
Disposition of Intangibles	3		0		0		18		0	
Gains from financial derivatives									2	
Others	1,694		2,262		3,640		5,958		2,067	
Miscellaneous gains	8,469		7,303		11,452		6,489		6,907	
.Non-operating losses		61,911		76,592		106,593		109,627		90,893
Interest	49,736		48,943		58,548		70,673		71,002	
FX transactions	50		63		28		42		48	
FX translations	155		(161)		(1)		10,382		(10,378)	
Donation	3,543		6,417		4,762		5,092		2,818	
Equity method evaluation	0		0		122		0		3,290	
Disposition of marketable securities	0		0		0		1,742		65	
Evaluation of marketable securities	0		0		0		265		(39)	
Evaluation of Inventories	399		0		1,757		0		61	
Disposition of Investment	38		50		0		1,338		0	
Evaluation of Investment	0		0		2,774		2,280		0	

Quarterly Income Statement-continued

Descriptions	2002. 4 - 6		2002. 7 - 9		2002. 10 - 12		2003. 1 - 3		2003. 4 - 6	
	Amount		Amount		Amount		Amount		Amount	
Disposition of Tangible asset	4,964		18,518		22,138		17,508		22,487	
Disposition of Intangible asset	13		10		5		25		4	
Loss from financial derivatives									21	
Loss sharing for overseas call	2,477		879		0		0		395	
Others	21		293		535		24		514	
Loss from disaster	0		1,117		540		0		0	
Selling Trade receivable-ABS					15,147		0		0	
Other bad debts loss	0		270		0		0		0	
Miscellaneous losses	514		192		237		257		604	
.Ordinary Income		157,128		163,148		97,877		106,362		153,539
.Extra-ordinary gain		0		0		0		0		0
.Extra-ordinary loss		0		0		0		0		0
.Income before tax		157,128		163,148		97,877		106,362		153,539
.Tax		19,044		30,527		6,170		14,208		20,656
Income tax	19,044		30,527		6,170		14,208		20,656	
. Net Income		138,084		132,621		91,706		92,153		132,883
EBITDA		372,861		405,885		381,894		396,596		429,460
EBITDA Margin		36.2%		38.6%		34.7%		38.7%		40.4%

Balance Sheet

KT As of June 30, 2003		Not Audited nor Reviewed by external auditors.		(Unit : KRW Mn)			
	2Q-2003	1Q-2003	2Q-2002		2Q-2003	1Q-2003	2Q-2002
Assets	8,152,060	8,267,525	6,747,045	Liabilities	5,200,753	5,449,272	4,406,486
Current	1,591,200	1,813,045	1,590,717	Current	2,803,328	2,761,899	2,006,941
Quick	1,454,818	1,659,663	1,526,517	Trade payable	263,599	222,518	342,147
Cash	68,812	94,841	2,274	Other payable	652,803	558,170	655,109
Short-term financial investment		280,000		Short-term borrowings	280,000	660,000	210,000
Marketable securities	14,454	34,455		Advances from customer	15,097	16,443	14,376
Trade receivables	1,238,091	1,093,980	1,290,634	Withholdings	125,088	113,464	113,104
Other receivables	73,566	78,371	183,263	Accrued expenses	89,665	69,254	54,984
Short-term loans	9,525	8,592	6,160	Current portion of	1,320,649	1,088,625	613,641
Advanced payment	25,880	37,356	16,318	Long-term debt			
Prepaid expenses	24,046	25,211	27,651	Unearned income			926
Accrued income	260	6,855	5	Unpaid income tax	54,147	31,319	
Others	183	1	212	Others	2,280	2,106	2,654
Inventory	136,382	153,382	64,200	Non-Current	2,397,425	2,687,373	2,399,545
Non-current	6,560,860	6,454,481	5,156,328	Bonds	1,847,651	2,139,493	2,259,450
Investment	483,525	473,444	663,435	Long-term borrowings			107,209
Long-term financial investme	56	59	59	Long-term payables	509,891	505,609	1,641
Investment securities	99,680	100,106	35,066	Others	39,882	42,270	31,245
Investment-Equity method	5,954	9,354	282,649	Equity	2,951,307	2,818,253	2,340,558
Long-term loans	44,290	43,238	44,125	Capital Stock	955,703	955,703	920,290
Guarantee deposit	232,584	228,437	221,242	APIC	1,325,489	1,325,489	1,132,834
Deferred income tax	92,156	83,445	73,574	Retained Earnings	764,508	631,625	318,316
Others	8,805	8,805	6,720	Capital Adjustment	(94,392)	(94,563)	(30,882)
Tangible	4,845,636	4,752,878	4,482,565				
Lnad	123,689	123,507	105,653				
Buildings	180,672	179,926	142,673				
Structure	64,293	64,270	62,911				
Equipment & Machinery	3,433,959	3,547,676	3,460,491				
Vehicles	6,502	6,986	5,750				
Construction in progress	807,556	592,003	485,699				
Others	228,965	238,510	219,388				
Intangible	1,231,700	1,228,159	10,328				
Debt-Equity	176%	193%					
Net Debt *	3,365,216	3,479,199					
Net Debt-Equity *	114%	123%					
Interest-bearing debt *	3,448,482	3,888,495					
Short-term	1,600,649	1,748,625					

* Long-term payable for 3G license of KRW 509,709 Mn is not considered in calculating interest-bearing debt or ratios.