

FY03 3rd Quarter Earnings Release Material

2003.10.30

KTF IR Team

Context

- **Financial Performance**
- **Operational Performance**

Quarterly Income Statement

(Unit : KRW Mn)

Description	3Q-03	3Q-02	YoY %	2Q-03	QoQ %
I. Operating Income	206,733	226,329	-8.7%	226,863	-8.9%
1. PCS Revenue					
Revenue	1,061,944	1,051,921	1.0%	1,062,136	0.0%
Mobile Originated	773,916	787,275	-1.7%	784,850	-1.4%
Interconnection	207,143	209,465	-1.1%	213,049	-2.8%
Resale	64,319	40,924	57.2%	49,816	29.1%
Other rev. (700, 114)	1,658	1,225	35.3%	1,529	8.4%
Others	14,908	13,032	14.4%	12,892	15.6%
Cost	857,078	830,553	3.2%	836,235	2.5%
Net	204,866	221,368	-7.5%	225,901	-9.3%
2. Handset Sales					
Revenue	241,772	319,758	-24.4%	218,944	10.4%
Cost of Sales	239,905	314,797	-23.8%	217,982	10.1%
Net	1,868	4,962	-62.4%	962	94.2%
II. Non-operating items	86,309	63,182	36.6%	73,324	17.7%
1. Net of Interest	65,468	48,182	35.9%	69,230	-5.4%
2. Net of F/X gain	8,541	946	-1002.7%	11,976	-171.3%
3. Other Non-op. items	12,301	15,946	-22.9%	16,070	-23.5%
VI. Ordinary Income	120,423	163,148	-26.2%	153,539	-21.6%
VIII. Income before tax	120,423	163,148	-26.2%	153,539	-21.6%
IX. Income tax	16,340	30,527	-46.5%	20,656	-20.9%
X. Net Income	104,083	132,621	-21.5%	132,883	-21.7%

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

• CP (VAS) & Internet shopping, Lottery sales and cost are net amount basis. FY2002 results are also amended by current accounting method

Sales unchanged but marketing expenses & FX losses diminished the bottom-line

- PCS revenue unchanged - declined in sales : 1) mobile originated 2) interconnection Increased in sales : 1) resale 2) Others
- Handset sales increased : higher demand in handset replacement
- Operating profit decreased - 1) higher marketing cost (+7.8%) 2) Increased depreciation expenses(+4.6%)
- Net non-oper.expenses - net gain of KRW 12bn in FX in 2Q vs. net loss of KRW 8.5bn in FX in 3Q
- Net profit diminished by 21.7% QoQ in 3Q03

(Unit : KRW Bn, Thousands)

	3Q-2003	2Q-2003	QoQ %
KTF Only	8,876	8,833	0.5%
KT Resale	1,573	1,655	-5.0%
Service Rev.	1,061.9	1,062.1	0.0%
Op. Income	206.7	226.9	-8.6%
EBITDA	417.7	429.5	-2.7%
EBITDA Margin	39.3%	40.4%	-1.1%p
Net Income	104.1	132.9	-21.7%

Revenue

(Unit : KRW Mn)

Description	3Q-03	3Q-02	YoY %	2Q-03	QoQ %
Service Revenue	1,061,944	1,051,921	1.0%	1,062,136	0.0%
Sign-up Fee	10,397	21,199	-51.0%	10,368	0.3%
Monthly Fee	389,950	395,657	-1.4%	389,200	0.2%
Airtime Charge	295,416	309,688	-4.6%	311,615	-5.2%
VAS	125,417	95,124	31.8%	116,935	7.3%
(Discount)	(47,264)	(34,393)	37.4%	(43,267)	9.2%
Interconnections	207,143	209,465	-1.1%	213,049	-2.8%
KT Resale	64,319	40,924	57.2%	49,816	29.1%
Other rev. (700,114)	1,658	1,225	35.3%	1,529	8.4%
Others	14,908	13,032	14.4%	12,892	15.6%
Handset Sales	241,772	319,758	-24.4%	218,944	10.4%
Total Sales	1,303,716	1,371,679	-5.0%	1,281,080	1.8%

Higher sales in VAS, resale & others offset lower sales in airtime charge -> PCS Sales Unchanged

Sign-up fee : number of new subs. slightly grew (2Q 512,000 vs 3Q 514,000) -> sales increased by 0.3% QoQ

Monthly fee : Increase in sales QoQ due to higher number of subs. in KTF Only & decrease in sales YoY due to price reduction (W1,000)

Airtime charge : Lower usage due to seasonal effect - higher number of holidays(Thanksgiving) & vacation seasons

VAS revenue : Maintained robust growth - 1) Higher usage in wireless data – expanded EV-DO subs. (2Q 271 thous. vs. 3Q 437 thous.)

2) Higher demand in voice-based VAS – CID, 2Ring, Catch Call etc.

Discount : Price discount on long-term users - 49% equivalent to KRW 23.4bn

Interconnection : Decline in both LM & MM airtime caused lower sales

KT Resale : High growth of 29.1% QoQ, attribute to adjustment in CP related revenue worth KRW 10.8bn, accumulated from January to September

Others : High growth thanks to surge in overseas sales(2Q KRW 0.5bn vs 3Q KRW 3.6bn) & M-AD(2Q KRW 0.5bn vs 3Q KRW 1.7bn)

Overseas sales - mainly due to network export to Indonesia & M-AD - advertisement thorough SMS

Handset sales : Greater demand on high-end models such as EV-DO₃ handsets

Operating Expense

(Unit : KRW Mn)

Description	3Q-03	3Q-02	YoY %	2Q-03	QoQ %
1. Labor	46,307	45,509	1.8%	49,292	-6.1%
2. Fees	95,733	79,598	20.3%	95,273	0.5%
3. Interconnection	116,293	118,617	-2.0%	120,845	-3.8%
4. Overseas call	1,540	1,596	-3.5%	1,410	9.2%
5. Information charge (CP)	752	156	381.4%	839	-10.4%
6. Rent	25,481	20,478	24.4%	24,991	2.0%
7. Depreciations	212,868	184,517	15.4%	203,559	4.6%
8. Leased line	89,918	91,304	-1.5%	89,838	0.1%
9. Utilities	13,062	12,092	8.0%	9,911	31.8%
10. Repair & maintenance	15,280	18,348	-16.7%	14,138	8.1%
11. Lease	10,015	12,125	-17.4%	10,015	0.0%
12. Marketing	169,954	220,267	-22.8%	157,721	7.8%
13. Bad debt	12,574	-25,995	-148.4%	13,397	-6.1%
14. Tax & obligations	7,676	9,901	-22.5%	6,370	20.5%
15. USO	15,819	23,104	-31.5%	15,183	4.2%
16. Others	23,806	18,935	25.7%	23,453	1.5%
17. Cost of Handset Sold	239,905	314,797	-23.8%	217,982	10.1%
Total	1,096,983	1,145,350	-4.2%	1,054,217	4.1%

Increased expenses from marketing, depreciation and repair & maintenance -> Increased Op. Exp. by 4.1% QoQ

Fees : Increased due to strengthened network maintenances & out-sourcing on development of wireless platforms

Interconnection : Decline in both LM & MM airtime caused lower expenses

Depreciation : Wider coverage of 1x & EV-DO

Repair Maintenance : Increased due to relocation of BTS & maintenance expenses

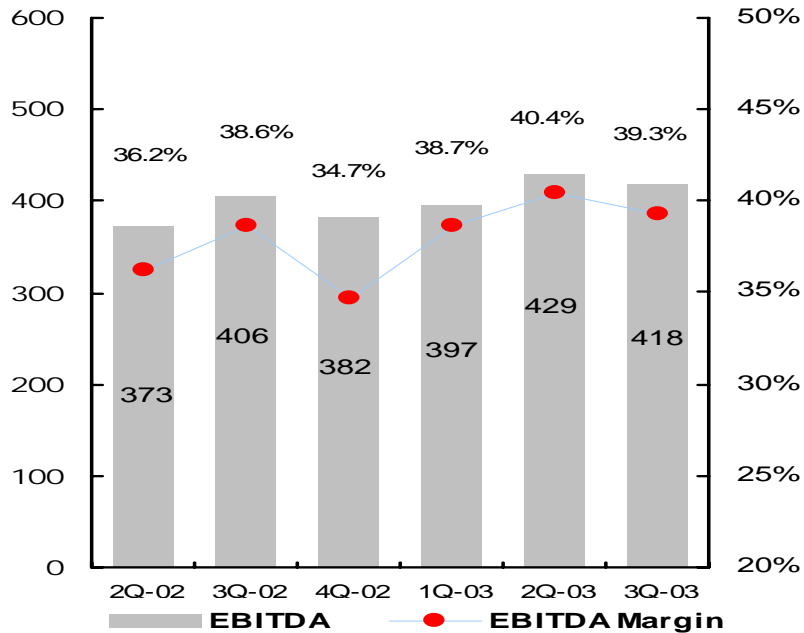
Marketing Cost : Increased - 1) Focused on EV-DO subs. acquisition 2) Strengthened on maintaining higher ARPU subs.

USO : USO expense KRW 12.8bn + 114 expense KRW 3.0bn

EBITDA & Capex

EBITDA

(Unit : KRW Bn)



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

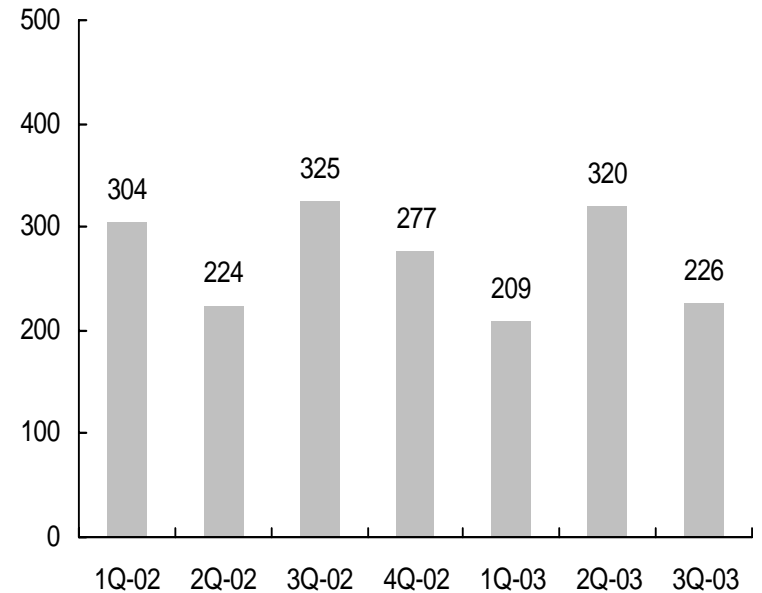
EBITDA margin = EBITDA / Service Revenue

3Q EBITDA Margin – 39.3% (Slightly fell by 1.1%p QoQ)

- Marketing cost increased by 8% QoQ

Quarterly Capex

(Unit : KRW Bn)

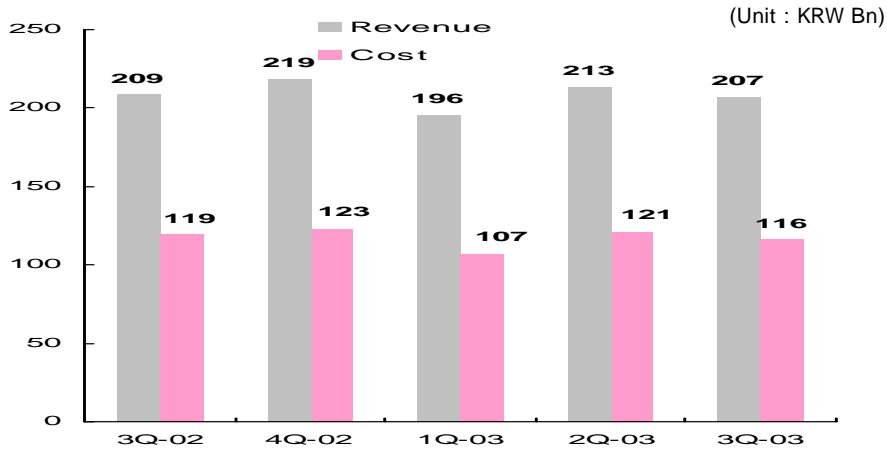


* FY2003 Capex results are including KTICOM's before merger

	BTS	2G	1x	EV-DO
3Q03		6,581	2,649	2,115
2Q03		6,434	2,482	1,798

Interconnections

Revenue and Cost

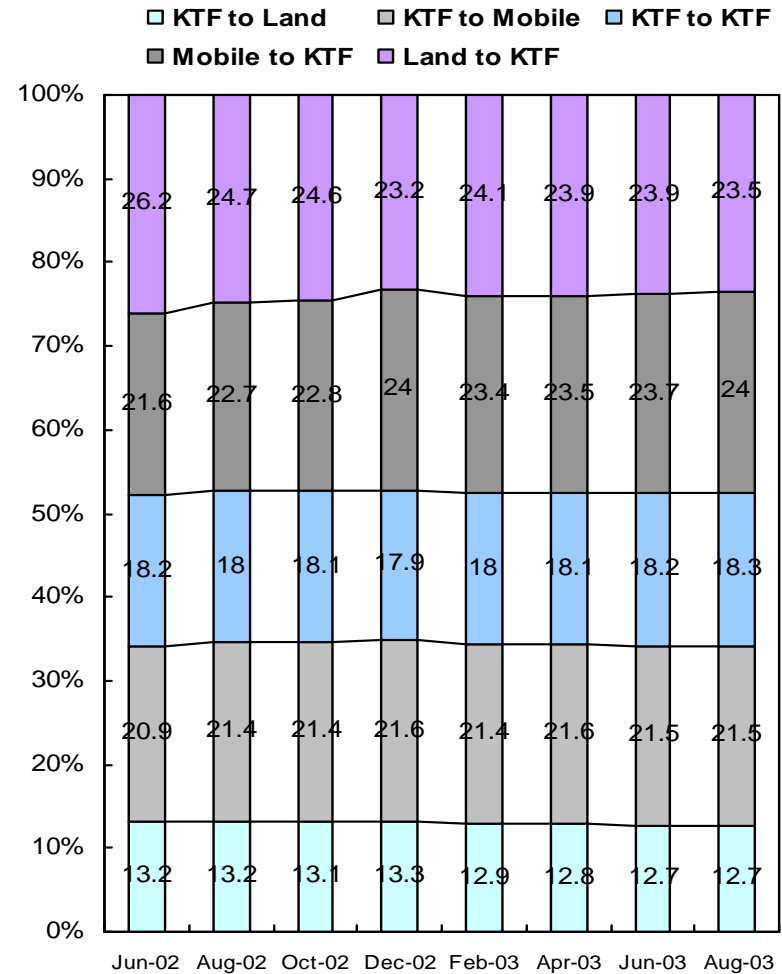


Net Interconnection Gain- Maintained compared to 2Q
 - Revenue & cost both fell due to lower airtime

Quarterly Breakdown

Descriptions		3Q-02	4Q-02	1Q-03	2Q-03	3Q-03
L M	Rev	99	102	96	96	91
	Exp	23	23	19	21	21
MM	Rev	110	117	99	117	116
	Exp	96	99	88	100	95

Call Traffic



Non - operating items and Income Tax

Non-op. Items

Non-operating Items	3Q-03	3Q-02	YoY %	2Q-03	QoQ %
Interest gain	766	761	0.7%	1,772	-56.8%
Interest loss	66,233	48,943	35.3%	71,002	-6.7%
Net of Interest	65,468	48,182	35.9%	69,230	-5.4%
F/X-related gain	781	848	-192.1%	1,646	-147.5%
F/X-related loss	7,760	98	-8041.0%	10,329	-175.1%
Net of F/X	8,541	946	-1002.7%	11,976	-171.3%
Other gains	13,018	11,801	10.3%	14,150	-8.0%
Other losses	25,318	27,747	-8.8%	30,220	-16.2%
- Disposition of tangible	22,197	18,518	19.9%	22,487	-1.3%
- Others	3,121	9,229	-66.2%	7,733	-59.6%
Net of others	12,301	15,946	-22.9%	16,070	-23.5%
Total Non-op. gains	13,002	13,411	-3.0%	17,568	-26.0%
Total non-op. losses	99,312	76,592	29.7%	90,893	9.3%
Net Non-op. Items	86,309	63,182	36.6%	73,324	17.7%

Net non - operating losses widened to KRW 86.3bn in 3Q from to KRW 73.3bn in 2Q

However, excluding net FX gains/losses(net gain of KRW 12bn in 2Q vs net loss of KRW 9bn in 3Q), non - operating losses stands at KRW 77.8bn in 3Q and KRW 85.3bn in 2Q

Korean Won's depreciation against Japanese Yen

- Yen denominated debt JPY 23.6bn
- KRW/JPY 9.99 → 10.34
- FX translation loss of KRW 8.5bn

Lower interest expenses even with the higher interesting bearing debt (2Q KRW 344.8bn vs 3Q KRW 353.5bn)
– Refinancing with lower interest rate

Disposition loss of tangible asset – Relocation & disposal of BTS in the course of spectrum integration

Income Tax

(Unit : KRW Mn)

Description	3Q-03	3Q-02	YoY %	2Q-03	QoQ %
Pre-tax Income	120,423	163,148	-26.2%	153,539	-21.6%
Tax	16,340	30,527	-46.5%	20,656	-20.9%
Effective tax rate	13.6%	18.7%		13.5%	
Net Income	104,083	132,621	-21.5%	132,883	-21.7%

Tax credit – KTM.com merger

(unit : KRW Bn)

Description	FY01	FY02	1Q03	2Q03	3Q03
Tax Saving	45.0	53.1	9.3	13.7	12.1
3Q Remaining Tax Credit					310.0
Max. Tax Saving in FY03					92.0

- Tax credit should be carried forward to FY05

Tax benefit from investment

(unit : KRW Bn)

Description	FY02	1Q03	2Q03	3Q03
Tax Benefit	45	14.6	18.7	13.2

Tax benefit transferred from 4Q02 and additional tax benefit will be reflected according to financial performance and minimum tax payment rule

Balance Sheet

As of September 30, 2003

(Unit : KRW Mn)

Assets	8,253,007	Liabilities	5,195,216
Current	1,675,866	Current	3,077,798
Quick	1,555,672	Fixed	2,117,418
Inventory	120,194		
Fixed	6,577,141	Equity	3,057,791
Investment	507,591	Capital Stock	955,703
Tangible	4,836,340	APIC	1,325,489
Intangible	1,233,209	Retained Earnings	868,591
		Capital Adjustment	91,992

Debts	3Q-2003	2Q-2003	QoQ %
Interest bearing	3,535	3,448	2.5%
Current portion	1,975	1,601	23.3%
Net debt	3,451	3,365	2.6%
Foreign currency denominated	US\$6.5mn + JPY23.6bn	US\$6.6mn + JPY 23.6bn	-US\$ 0.1mn

Ratios

Quarterly	3Q-03	2Q-03
Debt/Equity	170%	176%
Net debt / Equity	113%	114%
Interest Coverage	3.09	3.18
EBITDA interest coverage	6.31	6.05
EBITDA Margin	39.3%	40.4%
Operating Margin	19%	21%

Interest-Bearing debt (Unit : KRW Bn)	Short-term	630
	Current Portion of Long-term	1,345
	Bonds	1,560

Long-term payable for 3G license fee(514.2 Bn) is not included in calculation of the interest bearing debt, net debt and ratios.

Context

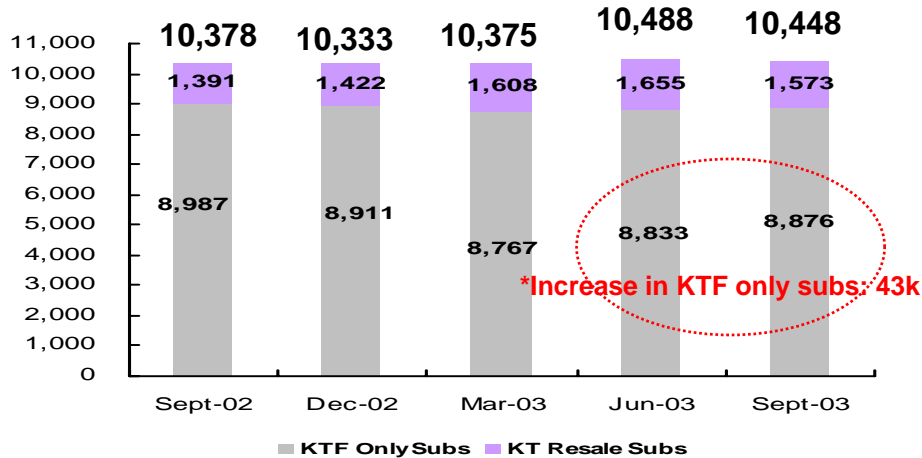
- **Financial Performance**

- **Operational Performance**

Subs & Churn Rate

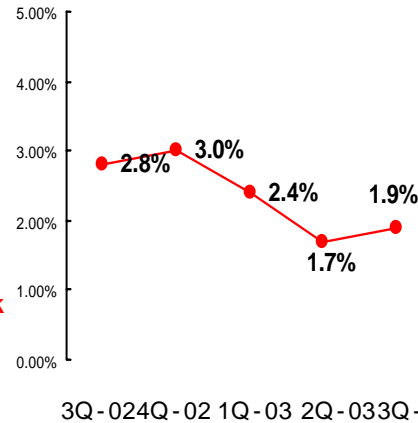
Subs

(Unit:000)

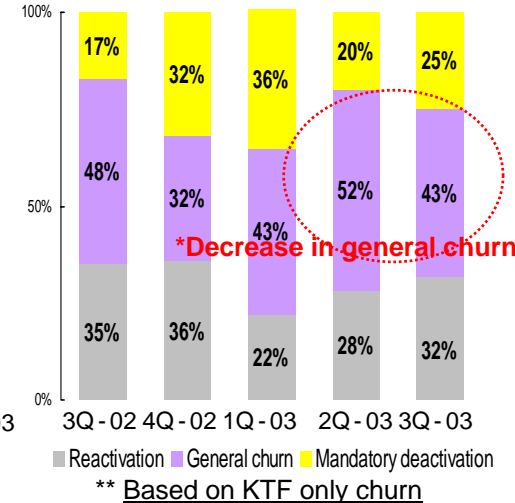


Churn Rate* & Analysis**

(Unit: %)



(Unit: %)



* Based on total subs

** Based on KTF only churn

■ KTF only subs show net increase (+43k)

This resulted from management's effort to improve the quality of subs from FY02 4Q to FY03 1Q

- ▶ The number of KTF only net additions since April : 108k

KT resale subs show decrease (-83k)

- ▶ The result of 'weed-out' process

■ Churn rate maintained under 2%

KTF only churn rate: 2Q(1.7%) ⇒ 3Q(1.8%)

KT resale churn rate: 2Q(2%) ⇒ 3Q(2.7%)

■ Churn analysis

Decrease in portion of general churn

Increase in portion of reactivation and mandatory deactivation

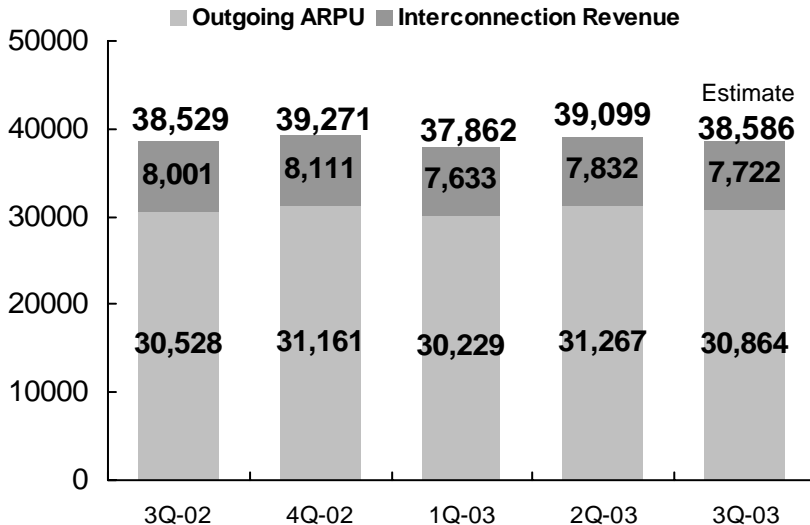
ARPU & MOU

ARPU*

(Unit: KRW)

*Activation & free usage fee excluded

*Net-based



- **Decrease by 1.3% in total ARPU and 1.3% in outgoing ARPU compared to 2Q FY03**

Result of seasonal effects-national holiday, summer vacation & etc

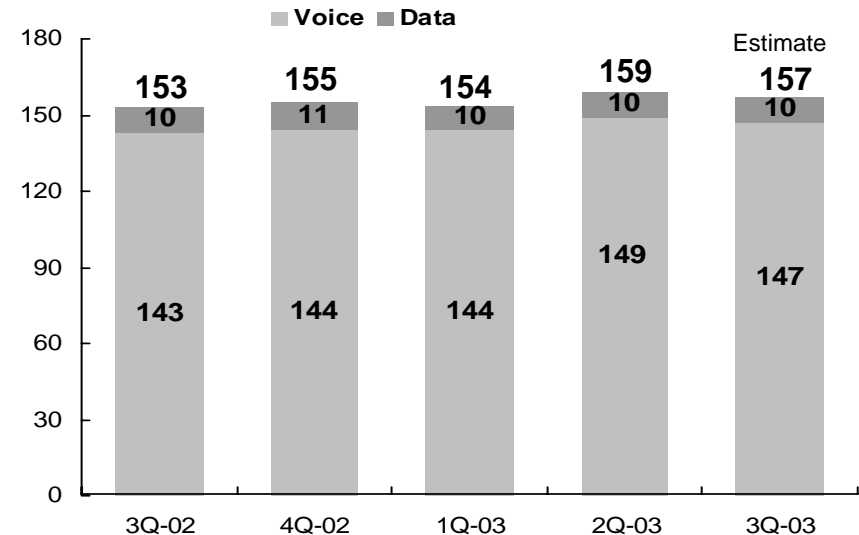
- **Increase by 0.1% in total ARPU and 1.1% in outgoing ARPU compared to 3Q FY02**

It resulted from improvement in quality of subscriber and increase in EVDO subs

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Outgoing MOU

(Unit: Min)



- **Voice MOU**

Decrease by 2min vs. 2Q FY03: seasonal effect

Increase by 4min vs. 3Q FY02 : improved subs' quality

- **Data MOU**

▶ It means not the actual volume of packets but the duration of access

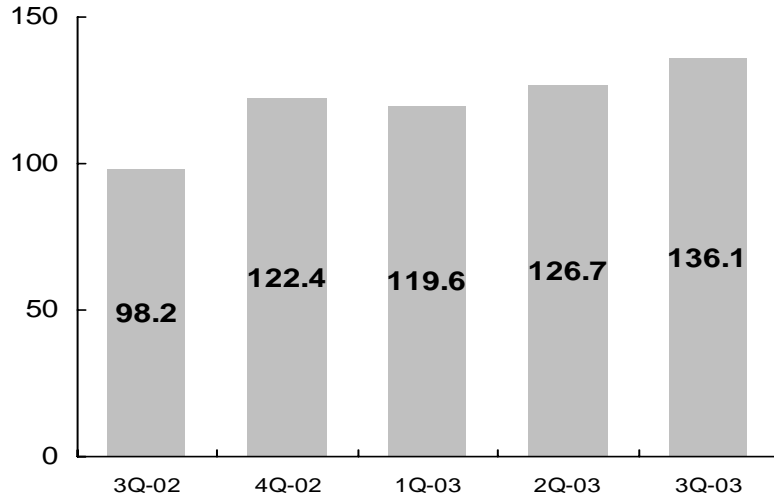
▶ With the development of network(1X/EVDO), data MOU looked stable even though actual packet usage increased significantly

Wireless Data Revenue

WD Revenue-on a gross basis

(Unit: KRW bn)

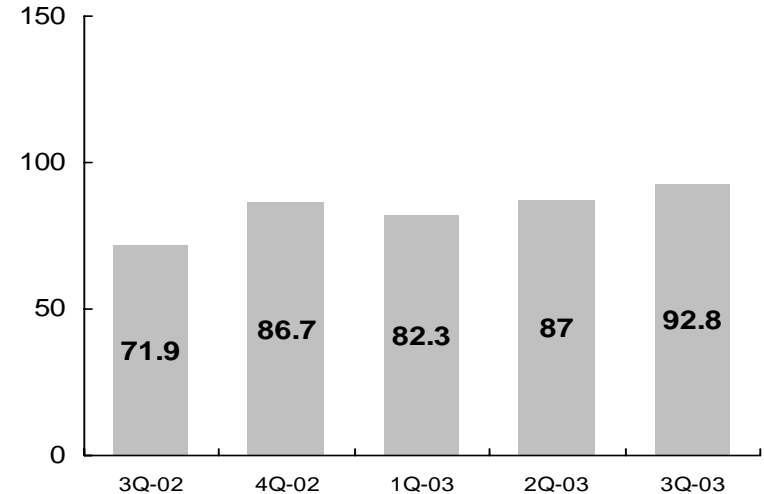
*Free usage included



WD Revenue-on a net basis

(Unit: KRW bn)

*Free usage excluded



■ Significant increase in WD revenue mainly due to expansion of EVDO service and jump in flat rate subs

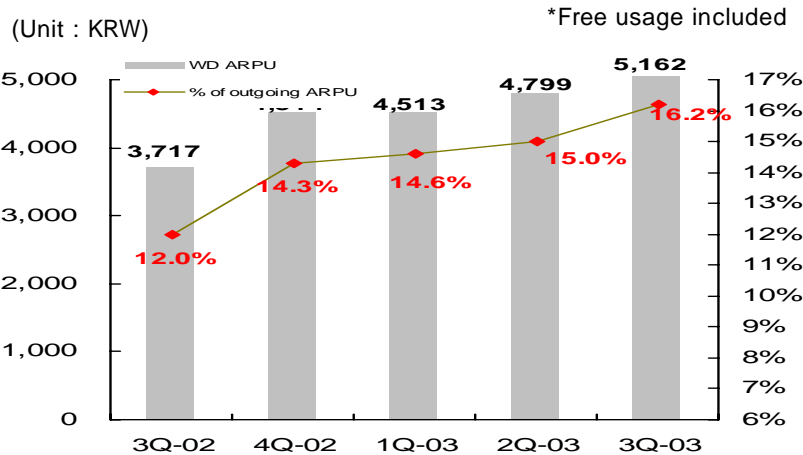
Increase in MagicN usage rate : 2Q(54.1%) ▶ 3Q(56.2%)

Surge in EVDO subscribers: 2Q(223k) ▶ 3Q(437k)

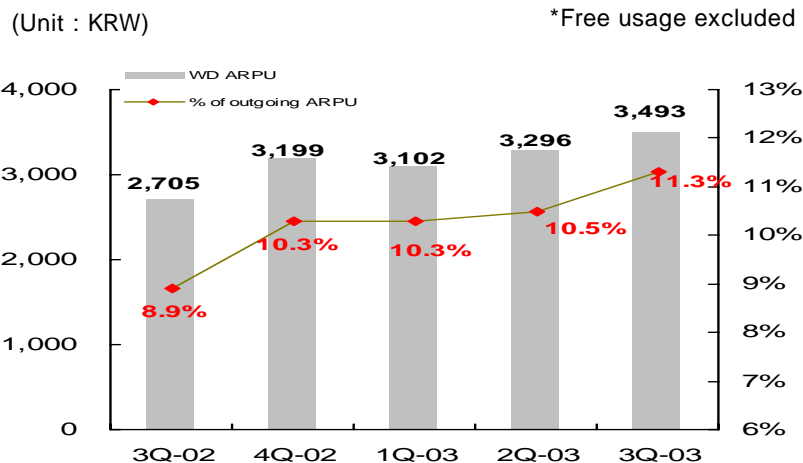
Jump in flat rate subscribers: Average of 2Q(725k) ▶ 3Q(857k)

Wireless Data ARPU

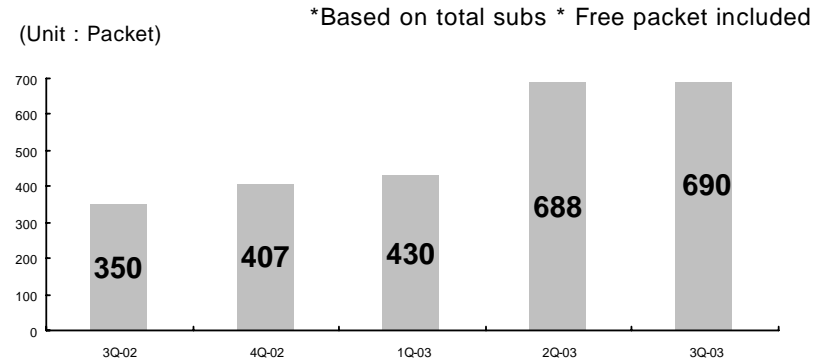
WD ARPU*-on a gross basis



WD ARPU*-on a net basis



POU*



Slightly increase in POU

- Slightly increase by 0.3% vs FY03 2Q
- ▶ Due to expiration of 'Unlimited usage promotion'
- Significant increase by 340% vs FY02 3Q
- ▶ Due to EVDO and wireless data

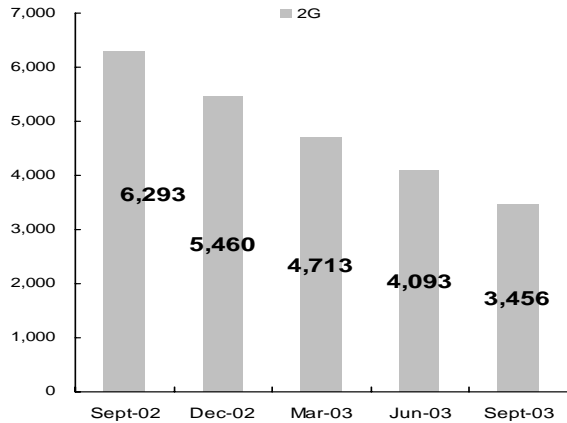
Surge in WD ARPU-on a net basis

- Increase by 6% vs FY03 2Q
- ▶ Mainly due to EVDO and robust increase in data usage by flat rate subs
- ☞ 2Q(15.4bn) ⇨ 3Q(22.6bn): 46%
- Increase by 29% vs FY03 2Q
- ▶ Vitalization of 1X and EVDO service
- ▶ Various kinds of VAS

Analysis of Subs by Network

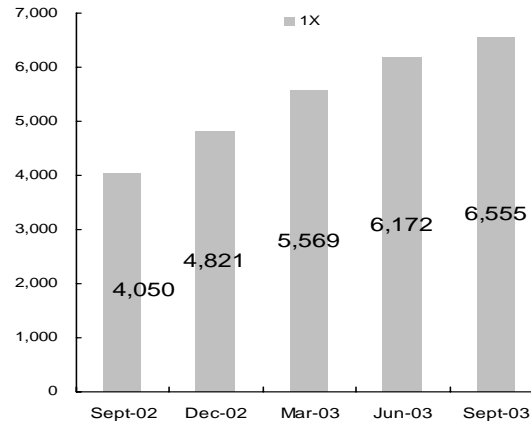
2G

(Unit: 000)



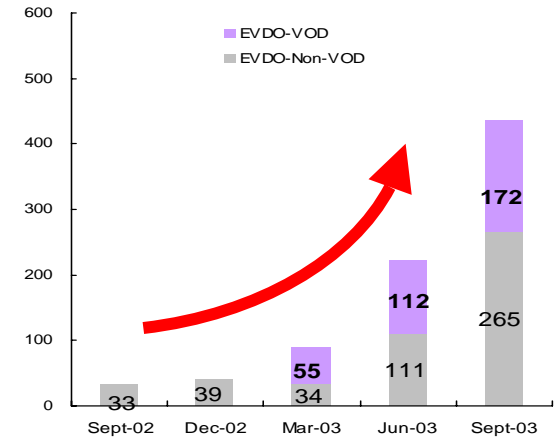
1X

(Unit: 000)



EVDO

(Unit: 000)



■ **In contrast to a decrease in 2G subs, EV-DO subs rapidly increased (96% vs FY03 2Q)**

- ▶ Growth rate in EVDO-VOD subs: 53.6% (FY03 2Q vs. FY03 3Q)
- ▶ Growth rate in EVDO-Non-VOD subs: 138.7% (FY03 2Q vs. FY03 3Q)

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

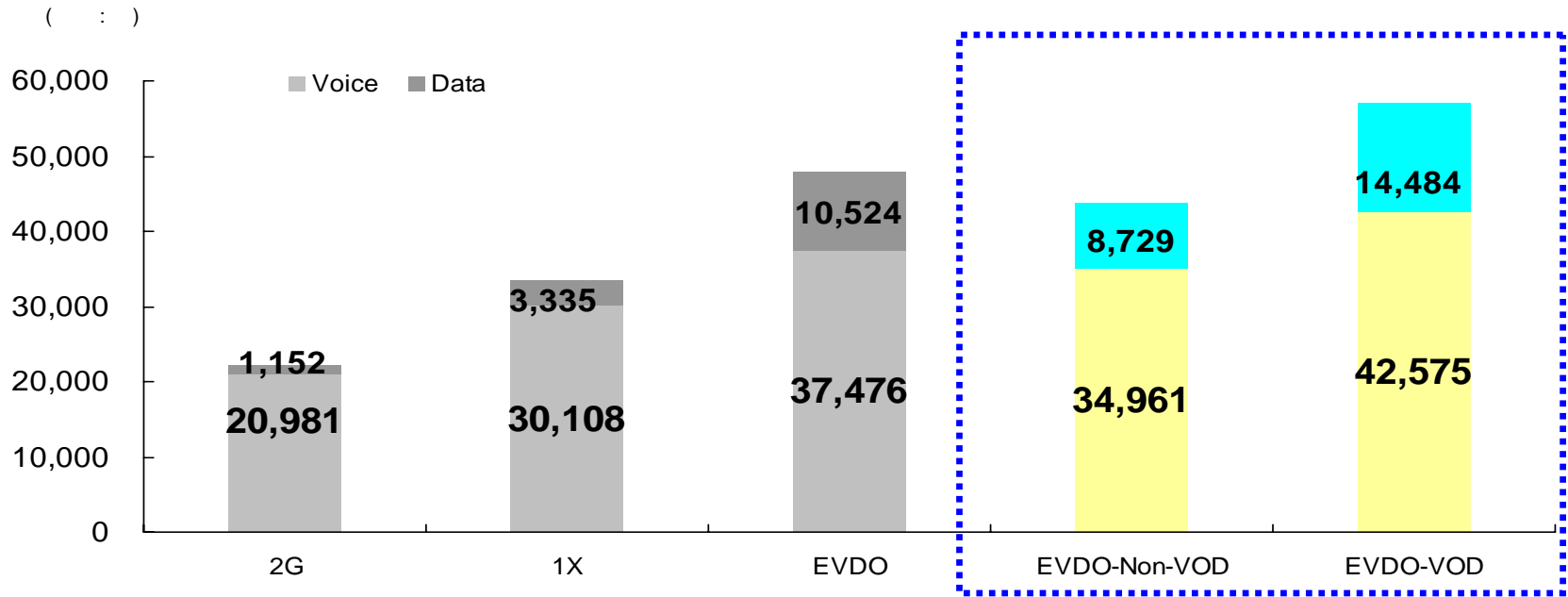
EV-DO handset prices decreasing and more choices for customers with new models

To increase availability and market share KTF continues to expand coverage and introduced competitive tariff plans to EV-DO customers: more free packets

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

Analysis of ARPU* by Network

*Activation fee, intercon rev, free usage excluded *Net-based
*as of 3Q FY03



■ Higher data ARPU of high-end handset users

1x: Users of 1X color handsets have shown dramatic increase in VOD and mobile game usage. Its data ARPU is 3 times greater than 2G users'

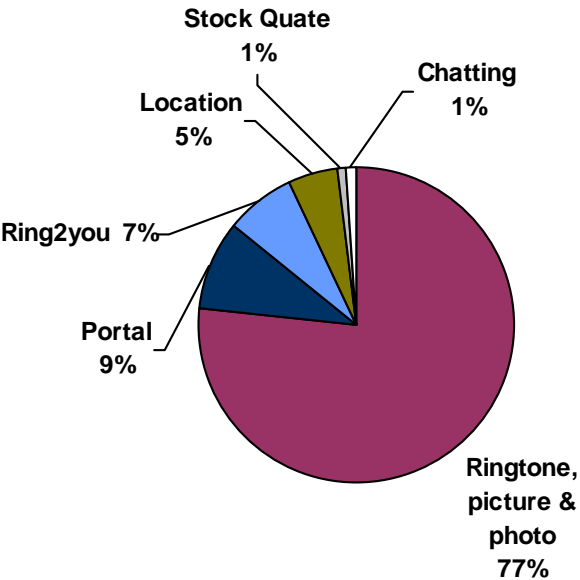
EVDO-Non-VOD: Users of EVDO-Non-VOD handsets have shown 2.6 times higher data ARPU than 1X's mainly due to higher-resolution screen and faster data transmission

EVDO-VOD: Equipped with a MPEG chipset, the EV-DO-VOD handset supports real-time broadcasting, movies, music video service, which are far superior to its predecessors. It provides 10 frame per second for multimedia contents. Its data ARPU is 4.3 times higher than 1X's

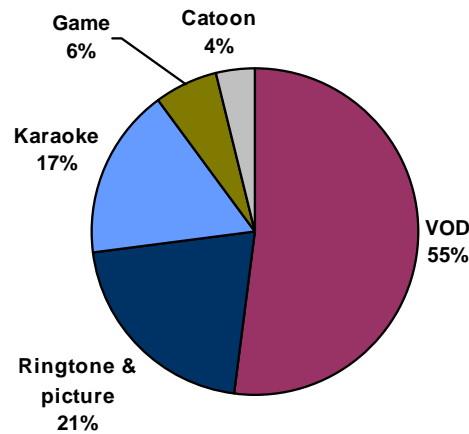
Analysis of Content Usage

* Based on Top 10 contents * as of Sept FY03

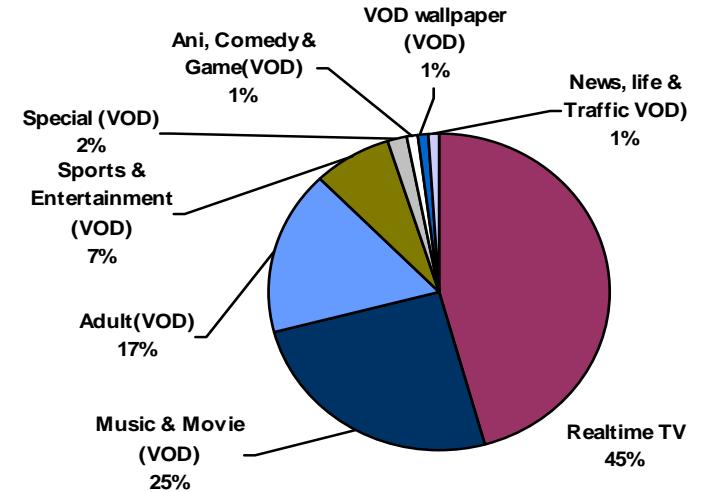
MagicN



Multipack



FIMM



More colorful, higher VOD usage

MagicN Content Usage Pattern: The killer applications of 2G and 1X were 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 color was software VOD activated on BREW platform, followed closely by ringtone and wallpaper. BREW platform is a middleware allowing application to run in a native environment

FIMM Contents Usage Pattern: Realtime TV usage decreased 45% from 99% out of Top 10 contents in a previous quarter. This was mainly due to expiration of 'unlimited usage promotion' as of July. But other VOD contents portion was increasing.

EVDO Expansion Strategy

Network Strategy

- ❑ Regional coverage expansion : 2Q(31cities) ⇒ 3Q(45cities)
- ❑ Population coverage expansion: 2Q(66%) ⇒ 3Q(77%)

Handset Strategy

- ❑ Lineup enhancement: 1Q(5models) ⇒ 2Q(7models) ⇒ 3Q(13 models)
* Based on the selling model in the market
- ❑ Lowered handset price : 1Q(540k) ⇒ 2Q(480k) ⇒ 3Q(410k) * Average price

Tariff Strategy

- ❑ Reintroduction of VOD tariff plan : offering more competitive packets
- ☞ Sample of free packets in VOD tariff plans & comparison with competitor's

KTF's tariff plans	Flat rate(KRW)	Before	After	Competitor's	Flat rate(KRW)	Free packets
		Free packets	Free packets			
FIMM87	8,700	26,000	54,000	June95	9,500	26,367
FIMM240	24,000	124,000	300,000	June250	25,000	146,484
<i>FIMM650*</i>	<i>65,000</i>		<i>2,000,000</i>	June500	50,000	488,281

* Since August 1

Frequency Strategy

- ❑ The 8FAs out of 14FAs have been utilized: 6 idle FAs * FA: Frequency Allocation
- ❑ Status of FA utilization by network
 - ☞ 2G: 4FAs
 - ☞ 1X: 3FAs
 - ☞ EVDO: 1FAs

Other Information

of Subs

(Unit: 000)

Subs	3Q-2002	4Q-2002	1Q-2003	2Q-2003	3Q-2003
Activation	1,112	903	781	657	561
Deactivation	866	948	739	544	600
Net Addition	246	45	42	113	40
# of Subs as of Quarter	10,378	10,333	10,375	10,488	10,448
M/S	32.4%	31.9%	31.6%	31.6%	31.5%
Activation-KTF only	943	762	495	513	514
Deactivation-KTF only	722	839	639	446	471
Net Addition-KTF only	221	77	143	66	43
KT Resale Subs	1,391	1,422	1,608	1,655	1,573

of Employees

(Unit: Person)

Employees	2001	2002	2003 1Q	2003 2Q	2003 3Q
Regular	1,683	2,094	2,097	2,106	2,099
Non-regular	901	839	791	728	773
Total	2,584	2,933	2,888	2,834	2,872

of Base Station

	2G	1X	EV-DO
Base Station	6,581	2,649	2,115
Coverage	98%	84%	75%

Appendix

- **Detailed Income Statement**
- **Balance Sheet**

Detailed Income Statement

KTF	* Not audited nor reviewed by external auditors.									
	2002. 7 - 9		2002. 10 - 12		2003. 1 - 3		2003. 4 - 6		2003. 7 - 9	
	Amount		Amount		Amount		Amount		Amount	
Descriptions										
. Total Sales		1,371,679		1,371,176		1,207,689		1,281,080		1,303,716
PCS Service	1,038,889		1,087,950		1,012,154		1,049,244		1,047,036	
<i>Activations</i>	21,199		15,328		9,431		10,368		10,397	
<i>Monthly Fee</i>	395,657		407,405		390,670		389,200		389,950	
<i>Airtime charge</i>	309,688		317,644		295,078		311,615		295,416	
<i>Value-added service</i>	95,124		113,811		107,797		116,935		125,417	
<i>(PCS discount)</i>	(34,393)		(38,969)		(39,426)		(43,267)		(47,264)	
<i>Interconnection</i>	209,465		219,233		195,963		213,049		207,143	
<i>Resale</i>	40,924		52,216		51,114		49,816		64,319	
<i>Fees from other services</i>	1,225		1,282		1,527		1,529		1,658	
Others	13,032		12,140		13,033		12,892		14,908	
<i>Handset rental</i>	926		0		0		0		0	
<i>Overseas call</i>	9,436		9,121		8,586		8,168		5,977	
<i>M-commerce</i>	799		1,065		2,013		2,702		2,283	
<i>International Roaming</i>	975		682		638		788		1,021	
<i>Other overseas service</i>	436		429		432		470		3,580	
<i>K-merce Lottery</i>	36		107		41		43		28	
<i>M-Ad.</i>	38		66		167		501		1,683	
<i>Credit card service</i>	385		669		1,156		220		336	
Handset	319,758		271,086		182,502		218,944		241,772	
<i>Handset</i>	319,900		271,198		182,584		219,025		241,881	
<i>(Handset discount)</i>	(142)		(112)		(82)		(81)		(109)	
. Operating Expense		1,145,350		1,184,182		1,012,303		1,054,217		1,096,983
Salary & Bonus	31,573		29,407		35,305		32,638		34,006	
Fees for temporary employee	346		415		205		239		231	
Out-sourcing employee	2,230		1,908		2,183		1,637		1,828	
Retirement	3,554		2,160		3,450		4,618		2,575	
Fringe benefits & others	4,972		6,476		6,718		7,185		5,797	
Rent	20,478		22,866		20,147		24,991		25,481	
Lease	12,125		14,009		10,015		10,015		10,015	
Service fee & commission	79,598		85,519		96,018		95,273		95,733	
Depreciations	184,106		194,478		199,846		202,877		212,050	
Amortizations	411		447		476		682		818	
Tax & dues	9,901		10,750		15,693		6,370		7,676	
Fare	2,117		1,791		1,673		2,175		2,005	
Insurance	336		379		263		594		491	
Interconnections	118,617		122,781		107,320		120,845		116,293	
Overseas call cost	1,596		1,854		1,294		1,410		1,540	
Leased line cost	91,304		90,989		89,165		89,838		89,918	
CP info usage charge	156		176		709		839		752	
Universal service obligations sharing	23,104		8,671		24,545		15,183		15,819	
Vehicles	448		460		421		582		486	
Educations	1,434		2,094		1,612		1,528		1,499	
Ordinary R&D	2,148		10,378		2,279		5,215		2,691	
Awards	1,400		9,115		170		1,447		371	
Entertainment	288		340		349		384		352	

Detailed Income Statement-Continued

Descriptions	2002. 7 - 9		2002. 10 - 12		2003. 1 - 3		2003. 4 - 6		2003. 7 - 9	
	Amount		Amount		Amount		Amount		Amount	
Sales commission	142,667		150,121		114,618		102,796		115,159	
Sales promotions	42,108		51,900		23,106		30,187		30,216	
Advertisement	35,492		24,300		30,839		24,739		24,579	
Bad Debt	(25,995)		8,410		11,575		13,397		12,574	
Travel & Car fare	967		1,208		1,073		1,093		1,334	
Utilities	12,092		9,906		9,448		9,911		13,062	
Communications	6,916		7,309		7,584		7,277		7,111	
Repair & Maintenance	18,348		34,627		6,120		14,138		15,280	
Office supplies	2,089		3,207		2,469		2,521		2,625	
Other researchs	1,968		2,755		775		1,940		2,353	
Book & Printing	132		151		140		264		266	
Conference & managerial events	1,512		1,754		1,312		1,408		1,411	
Cost of Handset sold	314,797		271,061		183,389		217,982		239,905	
Miscellaneous Expenses	13		12		0		0		0	
Others	0		0		0		0		2,680	
.Operating Income		226,329		186,994		195,387		226,863		206,733
.Non-operating gains		13,411		17,476		20,602		17,568		13,002
Interest	761		1,665		1,986		1,772		766	
Disposition of marketable securities	0		0		3		105		206	
Evaluation of marketable securities	0		0		0		67		(39)	
Dividend	0		0		95		651		0	
Rent	2,803		2,729		1,179		2,161		2,303	
Equity method evaluation	(639)		(1,901)		3,635		(110)		0	
FX transactions	44		555		77		342		202	
FX translations	805		(991)		14		1,304		(983)	
Disposition of Investment	0		0		0		2,275		0	
Disposition of tangible asset	72		327		1,147		26		20	
Disposition of Intangibles	0		0		18		0		0	
Gains from financial derivatives							2		0	
Others	2,262		3,640		5,958		2,067		3,837	
Miscellaneous gains	7,303		11,452		6,489		6,907		6,690	
.Non-operating losses		76,592		106,593		109,627		90,893		99,312
Interest	48,943		58,548		70,673		71,002		66,233	
FX transactions	63		28		42		48		37	
FX translations	(161)		(1)		10,382		(10,378)		7,723	
Donation	6,417		4,762		5,092		2,818		2,148	
Equity method evaluation	0		122		0		3,290		586	
Disposition of marketable securities	0		0		1,742		65		0	
Evaluation of marketable securities	0		0		265		(39)		22	
Evaluation of Inventories	0		1,757		0		61		0	
Disposition of Investment	50		0		1,338		0		0	
Evaluation of Investment	0		2,774		2,280		0		0	

Detailed Income Statement-Continued

Descriptions	2002. 7 - 9		2002. 10 - 12		2003. 1 - 3		2003. 4 - 6		2003. 7 - 9	
	Amount		Amount		Amount		Amount		Amount	
Disposition of Tangible asset	18,518		22,138		17,508		22,487		22,197	
Disposition of Intangible asset	10		5		25		4		7	
Loss from financial derivatives							21		0	
Loss sharing for overseas call	879		0		0		395		0	
Others	293		535		24		514		180	
Loss from disaster	1,117		540		0		0		0	
Selling Trade receivable-ABS			15,147		0		0		0	
Other bad debts loss	270		0		0		0		0	
Miscellaneous losses	192		237		257		604		178	
.Ordinary Income		163,148		97,877		106,362		153,539		120,423
.Extra-ordinary gain		0		0		0		0		0
.Extra-ordinary loss		0		0		0		0		0
.Income before tax		163,148		97,877		106,362		153,539		120,423
.Tax		30,527		6,170		14,208		20,656		16,340
Income tax	30,527		6,170		14,208		20,656		16,340	
. Net Income		132,621		91,706		92,153		132,883		104,083
EBITDA		405,885		381,894		396,596		429,460		417,734
EBITDA margin		38.6%		34.7%		38.7%		40.4%		39.3%

Balance Sheet

As of Sep. 30, 2003

KTF

Not audited nor reviewed by external auditors.

(Unit : KRW Mn)

	3Q-2003	2Q-2003	3Q-2002		3Q-2003	2Q-2003	3Q-2002
Assets	8,253,007	8,152,060	6,934,948	Liabilities	5,195,216	5,200,753	4,460,407
Current	1,675,866	1,591,200	1,669,080	Current	3,077,798	2,803,328	2,126,378
<i>Quick</i>	<i>1,555,672</i>	<i>1,454,818</i>	<i>1,597,827</i>	Trade payable	275,274	263,599	355,792
Cash	73,260	68,812	75,665	Other payable	543,873	652,803	543,922
Short-term financial investment				Short-term borrowings	630,000	280,000	500,000
Marketable securities	10,506	14,454		Advances from customer	16,163	15,097	7,541
Trade receivables	1,346,594	1,238,091	1,384,359	Withholdings	88,039	125,088	107,582
Other receivables	71,445	73,566	63,026	Accrued expenses	118,119	89,665	43,812
Short-term loans	8,539	9,525	4,665	Current portion of	1,345,480	1,320,649	543,172
Advanced payment	20,512	25,880	33,617	Long-term debt			
Prepaid expenses	24,287	24,046	36,452	Unpaid income tax	58,866	54,147	21,572
Accrued income	317	260	43	Others	1,984	2,280	2,984
Others	211	183					
<i>Inventory</i>	<i>120,194</i>	<i>136,382</i>	<i>71,253</i>	Non-Current	2,117,418	2,397,425	2,334,029
Non-current	6,577,141	6,560,860	5,265,869	Bonds	1,559,729	1,847,651	2,189,897
<i>Investment</i>	<i>507,591</i>	<i>483,525</i>	<i>653,416</i>	Long-term borrowings			107,230
Long-term financial investme	56	56	56	Long-term payables	514,238	509,891	1,108
Investment securities	99,397	99,680	319,395	Others	43,450	39,882	35,794
Investment-Equity method	5,368	5,954		Equity	3,057,791	2,951,307	2,474,542
Long-term loans	45,631	44,290	42,953	Capital Stock	955,703	955,703	920,290
Guarantee deposit	236,809	232,584	219,667	APIC	1,325,489	1,325,489	1,132,834
Deferred income tax	111,525	92,156	64,620	Retained Earnings	868,591	764,508	450,938
Others	8,805	8,805	6,725	Capital Adjustment	(91,992)	(94,392)	(29,520)
<i>Tangible</i>	<i>4,836,340</i>	<i>4,845,636</i>	<i>4,601,896</i>				
Lnad	123,488	123,689	112,638				
Buildings	179,094	180,672	163,803				
Structure	65,072	64,293	62,755				
Equipment & Machinery	3,662,404	3,433,959	3,467,364				
Vehicles	6,235	6,502	5,570				
Construction in progress	552,514	807,556	571,652				
Others	247,534	228,965	218,114				
<i>Intangible</i>	<i>1,233,209</i>	<i>1,231,700</i>	<i>10,556</i>				
Debt-Equity	170%	176%	180%				
Net Debt *	3,451,446	3,365,216	3,265,742				
Net Debt-Equity *	113%	114%	148%				
Interest-bearing deb	3,535,209	3,448,300	3,341,407				
Short-term	1,975,480	1,600,649	1,043,172				

* Long-term payable for 3G license of KRW 514,235 Mn is not considered in calculating interest-bearing debt or ratios.