



FY2004 2Q Earnings Release

KT Freetel Co., Ltd.

FY2003 results in this material are restated in accordance with FY2004 accounting principle & methods for comparison purpose.

This material is on FY2004-2Q pre-closing result which is not reviewed nor audited by external auditor. And the more, all the numbers herein are still under the risk of material change according to accounting closing of company. Therefore, we will re-announce the financial result as soon as we finish the internal closing.

This material contains forward-looking statements. These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. Actual results may differ materially from those expressed or implied by these forward-looking statements. Because of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this presentation might not occur in the way we expect, or at all. You should not place undue reliance on any forward-looking information.

This material contains several estimated numbers. These are under the risk of retroactive change in the kind of disclosed data, forms, or numbers without notice.

Company will not take any kind of legal responsibility on your investment decision based on this material.

Financial Highlights

PCS sales increased by 10.5% YoY and QoQ in 2Q04, attributed to robust growth in MNP & new 010 subscribers and higher interconnection revenue

Handset sales decreased by 16.2% QoQ. One reason for the decrease was a discounting factor as KTF appraise present value of long-term handset purchase plans
EBITDA margin slightly fell by 0.5%p QoQ from 34.0% to 33.5% in 2Q04, despite 24% increase in marketing expenses

Operating profit and net profit stood at W101.9bn and W43.4bn, respectively

Debt/Equity ratio was maintained at 168%

(Unit : W mn)

Description	2Q -04	2Q -03	YoY %	1Q -04	QoQ %
Revenue					
PCS Sales	1,174,042	1,062,010	10.5%	1,062,200	10.5%
Handset Sales	318,151	218,944	45.3%	379,873	-16.2%
Cost					
PCS Cost	1,055,743	836,108	26.3%	959,778	10.0%
Handset Cost	334,599	217,982	53.5%	377,685	-11.4%
Operating Income	101,852	226,863	-55.1%	104,610	-2.6%
Non-Oper. Income	24,126	17,568	37.3%	25,590	-5.7%
Non-Oper. Expenses	81,836	90,893	-10.0%	73,073	12.0%
Recurring Profit	44,142	153,539	-71.3%	57,127	-22.7%
Tax	745	20,656	-96.4%	8,444	-91.2%
Net Profit	43,397	132,883	-67.3%	48,683	-10.9%
EBITDA	392,728	429,460	-8.6%	361,561	8.6%
EBITDA Margin	33.5%	40.4%	-6.9%p	34.0%	-0.5%p
Debt/Equity Ratio	168%	176%	-8.0%p	168%	0.0%p

Income Statement

Sales

(Unit : W mn)

Description	2Q -04	2Q -03	YoY %	1Q -04	QoQ %
PCS Revenue	1,174,042	1,062,010	10.5%	1,062,200	10.5%
Sign-up Fee	23,260	10,368	124.3%	20,298	14.6%
Monthly Fee	446,180	389,200	14.6%	414,178	7.7%
Airtime Charge	302,859	311,615	-2.8%	283,700	6.8%
VAS	140,164	116,935	19.9%	135,803	3.2%
- voice	38,875	46,516	-16.4%	37,753	3.0%
- data	101,289	70,419	43.8%	98,050	3.3%
(Discount)	66,879	43,267	54.6%	56,433	18.5%
Interconnections	233,298	213,049	9.5%	194,074	20.2%
KT Resale	83,021	49,690	67.1%	58,503	41.9%
Other Rev.(700, 114)	1,654	1,529	8.2%	1,639	0.9%
Others	10,485	12,892	-18.7%	10,438	0.4%
Handset Sales	318,151	218,944	45.3%	379,873	-16.2%
Total Sales	1,492,193	1,280,954	16.5%	1,442,073	3.5%

Wider base of high ARPU subscribers increased call traffic

- Monthly fee : Increased by 7.7% QoQ to W446.2bn owing to bigger subscriber base and increased subscription to higher monthly fee plans(couples & rollover etc.)
- Airtime charge : Increased by 6.8% QoQ backed by higher number of subscribers and rebounded call traffic from seasonal low in 1Q
- Discount : Higher adoptions of long-term discount contract(LTDC) by new subscribers -> jumped by 18.5% QoQ to W66.9bn
- VAS : Increased by 3.2% QoQ to W140.2bn in 2Q04 due to higher usages of data VAS arose from higher number of subscribers (Excluding changes in payment of CP related fees then VAS sales should increase by 11.6% to W151.6bn)
- KT Resale : Jumped by 41.9% QoQ -> higher number of subscribers & call traffic
- Interconnection : Increased by 20.2% QoQ -> 1) higher call traffic 2) changes from assumed rate to finalized interconnection rate, which were all reflected in 2Q

Handset sales : decreased by 16.2% QoQ to W318.2bn due to 1) lower handset shipment to distribution channels 2) appraising long-term handset receivables to present value(W15.2bn decreasing effect of handset sales)

Operating Expenses

(Unit : W mn)

Description	2Q -04	2Q -03	YoY %	1Q -04	QoQ %
1. Labor	44,630	49,292	-9.5%	59,508	-25.0%
2. Fees	101,752	95,147	6.9%	96,378	5.6%
3. Interconnection	122,805	120,845	1.6%	111,090	10.5%
4. Overseas call	1,358	1,410	-3.7%	1,526	-11.1%
5. Information charge (CP)	1,026	839	22.4%	668	53.8%
6. Rent	30,243	24,991	21.0%	26,327	14.9%
7. Depreciations	274,429	203,559	34.8%	259,140	5.9%
8. Leased line	93,024	89,838	3.5%	87,549	6.3%
9. Utilities	11,297	9,911	14.0%	10,573	6.8%
10. Repair & maintenance	18,412	14,138	30.2%	5,431	239.0%
11. Lease	15,327	10,015	53.0%	15,327	0.0%
12. Marketing	293,088	157,721	85.8%	237,132	23.6%
13. Bad debt	3,920	13,397	-70.7%	4,969	-21.1%
14. Tax & obligations	13,122	6,370	106.0%	15,201	-13.7%
15. USO	10,000	15,183	-34.1%	10,000	0.0%
16. Others	21,309	23,453	-9.1%	18,960	12.4%
PCS related expenses	1,055,743	836,108	26.3%	959,778	10.0%
Cost of handsets	334,599	217,982	53.5%	377,685	-11.4%
Total	1,390,342	1,054,090	31.9%	1,337,463	4.0%

PCS related operating expenses increased by 10.0% QoQ to W1,055.7bn -> 1) higher number of new subscribers excluding KT Resale(+ 9%) 2) higher acquisition cost per subscriber
 Rent expense increased by 14.9% QoQ to W30.2bn due to 1) additional deployment of repeaters to improve call quality 2) rate increases on rent

Depreciation : increased by 5.9% QoQ to W274.4bn, owing to higher network investment
to accommodate increased subscribers & maintain network quality

Marketing : increased by 23.6% QoQ and 85.8% YoY to W293.1bn

<Per head acquisition cost increased as competition heated in 2Q04>

Repair & Maintenance : increased by 30% YoY, mainly due to new network facilities and
higher demand of repairs and maintenance

Bad debt : decreased by 21%QoQ, W3.2bn recovery from bad debt allowance
(bad debt ratio was maintained at same level as before)

USO : decreased YoY due to changes in allotment forecast
conservative FY04 forecast USO stands at W40.0bn

Interconnections

(Unit : W mn)

Description	2Q -04	2Q -03	YoY %	1Q -04	QoQ %
Revenue	233,298	213,049	9.5%	194,074	20.2%
LM	93,107	96,112	-3.1%	82,062	13.5%
MM	140,191	116,936	19.9%	112,012	25.2%
Expenses	122,805	120,845	1.6%	111,090	10.5%
LM	31,075	21,104	47.2%	19,527	59.1%
MM	91,731	99,741	-8.0%	91,562	0.2%
Net Interconnection Income	110,492	92,204	19.8%	82,985	33.1%

Changes from assumed rate to finalized interconnection rate changes, which were all reflected in 2Q

- Interconnection revenue increased by 20.2% QoQ to W233.3bn -> increased call traffic
- Interconnection expenses increased by 10.5% QoQ to W122.8bn

Therefore, net interconnection income increased by 19.8% YoY to W110.5bn

Marketing Expenses

(Unit : W mn)

Description	2Q -04	2Q -03	YoY %	1Q -04	QoQ %
Commission	218,972	102,796	113.0%	157,747	38.8%
Promotion	44,029	30,187	45.9%	41,289	6.6%
Advertising	30,087	24,739	21.6%	38,096	-21.0%
Total Marketing Cost	293,088	157,721	85.8%	237,132	23.6%

Higher number of KTF-Only subscribers & acquisition cost per subscribers drove marketing expenses increased by 23.6% QoQ to W293.1bn

Acquisition cost : W115.8bn, Retention cost : W147.2bn, Advertising cost : W30.1bn

(Unit: W bn)

Description	2Q -04	2Q -03	YoY %	1Q -04	QoQ %
Acquisition	116	31	269.5%	79	45.7%
Commission	104	25	317.8%	62	66.3%
Promotion	12	6	84.0%	17	-30.0%
Per Subs.(W)	117,640	61,196	92.2%	88,111	33.5%
Retention	147	102	44.9%	120	23.2%
Commission	115	78	47.7%	95	20.8%
Promotion	32	24	35.4%	24	32.4%
Advertising	30	25	21.6%	38	-21.0%
Total Marketing Cost	293	158	85.8%	237	23.6%

EBITDA & Capex

(Unit : W mn)

Description	2Q -04	2Q -03	YoY %	1Q -04	QoQ %
EBITDA	392,728	429,460	-8.6%	361,561	8.6%
EBITDA Margin	33.5%	40.4%	-6.9%p	34.0%	-0.5%p
Capex	278 bn	209 bn	33.0%	305 bn	-8.9%

EBITDA increased by 8.6% QoQ to W392.7bn & EBITDA margin slightly fell by 0.5%p to 33.5%

Expanded network capacity to accommodate increased subscribers and improve service quality

Non-operating items

(unit : W mn)

Description	2Q -04	2Q -03	YoY %	1Q -04	QoQ %
Interest Income	1,247	1,772	-29.6%	2,117	-41.1%
Interest Expenses	55,761	71,002	-21.5%	55,701	0.1%
Net Interest Gains	54,513	69,230	-21.3%	53,584	1.7%
F/X related Gains	6,260	1,646	280.3%	8,103	-22.7%
F/X related Losses	221	10,329	-102.1%	930	-76.3%
Net F/X Gains	6,040	11,976	-49.6%	7,173	-15.8%
Other Gains	16,618	14,150	17.4%	15,370	8.1%
Other Losses	25,854	30,220	-14.4%	16,441	57.3%
Net Others Gains	9,236	16,070	-42.5%	1,072	761.9%
Total Non-Op. Gains	24,126	17,568	37.3%	25,590	-5.7%
Total Non-Op. Losses	81,836	90,893	-10.0%	73,073	12.0%
Total Net Non-Op. Gains	57,710	73,324	-21.3%	47,483	21.5%

Total net non-operating losses narrowed by 21.3% YoY, but widened by 21.5% QoQ to W57.7bn

- Interest income decreased due to greater demand of cash on marketing and investment
- Net F/X gains from Korean Won's appreciation against Japanese's Yen

(Won/Yen = 11.18 in 4Q03 10.91 in 1Q04 10.63 in 2Q04)

Income Tax

(Unit : W mn)

Description	2Q -04	2Q -03	YoY %	1Q -04	QoQ %
Pre-tax Income	44,142	153,539	-71.3%	57,127	-22.7%
Tax	745	20,656	-96.4%	8,444	-91.2%
Effective Tax Rate	1.7%	13.5%	-11.8%p	14.8%	-13.1%p

Effective tax rate is estimated at around 8 ~ 9% for FY2004

Balance Sheet

As of June 31, 2004

Asset	8,166,556	Liabilities	5,124,665
Current	1,530,518	Current	2,447,344
Quick	1,307,612	Fixed	2,677,321
Inventory	222,905		
		Equity	3,041,891
Fixed	6,636,038	Capital	955,703
Investment	678,727	APIC	1,325,489
Tangible	4,770,295	Retained Earnings	846,542
Intangible	1,187,016	Capital Adjustment	85,842

Debt/Equity ratio : 168% & Net Debt/Equity ratio : 109% as end of 2Q04

Debt/Equity ratio : 176% & Net Debt/Equity ratio : 114% as end of 2Q03

(Long - term payable for W - CDMA license fee is not included)

Interest Bearing Debt in 2Q04

Description	2Q -2004	1Q -2004	QoQ %
Interest bearing	3,351	3,205	4.6%
Current portion	1,249	1,299	-3.8%
Net debt	3,324	3,105	7.1%
Foreign currency denominated	(\$0.2mn) + (JPY14.2bn)	(\$0.3mn) + (JPY23.6bn)	(-\$0.1mn) + (JPY9.4bn)

->Short - term borrowings : W 500bn

Current portion of LT debt : W 749bn

Bonds : W2,102bn

. Key Operating Data

Subscribers

(Unit : '000)

Description	2Q - 03	3Q - 03	4Q - 03	1Q - 04	2Q - 04
Total No. of Subs	10,488	10,448	10,442	11,292	11,946
KT Resale	1,655	1,573	1,555	1,999	2,301
Quarterly Adds	657	561	618	1,480	1,443
Quarterly Churn-out	544	600	625	630	788
Net Adds	113	-40	-7	850	655
KTF-only (excluding KT Resale)	8,833	8,876	8,887	9,293	9,646
Quarterly Adds	513	514	519	902	984
Quarterly Churn-out	446	471	507	497	631
Net Adds	66	42	11	406	353

Subscribers by Networks

(Unit : '000)

Description	2Q - 03	3Q - 03	4Q - 03	1Q - 04	2Q - 04
EV-DO	223	437	816	1,719	2,319
1X	6,172	6,555	6,656	7,139	7,679
2G	4,093	3,456	2,970	2,433	1,948
Total	10,488	10,448	10,442	11,292	11,946
Fimm	545	874	1,330	2,629	3,799
Color Display	4,674	5,351	5,911	7,471	8,799

ARPU

(Unit : W)

ARPU	2Q - 03	3Q - 03	4Q - 03	1Q - 04	2Q - 04
ARPU - exclude interconn.	31,267	30,864	30,632	30,774	31,949
ARPU - include interconn.	39,176	38,618	38,499	38,466	39,770
ARPU - include sign-up fee	39,569	39,010	38,892	39,210	40,589
Data ARPU - Net basis	3,296	3,481	3,744	4,180	4,527
% of sales	10.5%	11.3%	12.2%	13.6%	14.2%
Data ARPU - Gross basis	4,799	5,114	5,435	5,996	6,310
% of sales	15.0%	16.1%	17.2%	18.9%	19.2%

Excluding KT Resale subscribers

ARPU by Network

(Unit : W)

Description		2Q -03	3Q -03	4Q -03	1Q -04	2Q -04
1X	data ARPU	4,476	4,395	4,240	4,107	4,304
	total ARPU	35,792	34,504	33,116	31,723	31,936
EV-DO	data ARPU	15,936	14,726	13,990	12,723	10,893
	total ARPU	54,479	52,202	49,983	48,624	46,915
2G	data ARPU	1,175	1,271	1,372	1,295	1,353
	total ARPU	23,489	22,252	21,090	19,607	18,806
Fimm	data ARPU	12,171	11,968	11,945	11,404	10,108
	total ARPU	47,066	46,127	45,288	44,780	43,645

Gross based, excluding interconnections and KT Resale subscribers

ARPU Comparison after Discount

(Unit : W)

Description	Jan -04	Feb -04	Mar -04	Apr -04	May -04	Jun -04
ARPU	30,313	30,274	31,733	31,580	32,220	32,048
(Discount)	1,909	2,040	2,248	2,340	2,386	2,393
ARPU after disct.	28,404	28,234	29,485	29,239	29,835	29,654

Excluding interconnections, sign-up fee and KT Resale subscribers

Excluding changes in payment of CP related fees from collection based to billing based

Continuous growth of ARPU after discount

- Reflecting larger EV-DO subscribers base & higher ARPU users from MNP
- Despite sales discount increase a from high adoption of long-term discount contracts

. Income Statement & Balance Sheet

KTF This material is not reviewed nor audited by external auditor, and reflecting pre-closing numbers. Just for analysis purpose.

(Unit : KRW Mn)

Descriptions	2003. 4 - 6	2003. 7 - 9	2003. 10 - 12	2004. 1 - 3	2004. 4 - 6
	Amount	Amount	Amount	Amount	Amount
. Total Sales	1,280,953	1,302,863	1,284,986	1,442,073	1,492,193
PCS Service	1,049,118	1,046,183	1,038,075	1,051,762	1,163,557
<i>Activations</i>	10,368	10,397	10,475	20,298	23,260
<i>Monthly Fee</i>	389,200	389,950	394,301	414,178	446,180
<i>Airtime charge</i>	311,615	295,416	295,015	283,700	302,859
<i>Value-added service</i>	116,935	125,417	119,999	135,803	140,164
<i>(PCS discount)</i>	(43,267)	(47,264)	(51,705)	(56,433)	(66,879)
<i>Interconnection</i>	213,049	207,143	211,678	194,074	233,298
<i>Resale</i>	49,690	63,466	56,455	58,503	83,021
<i>Fees from other services</i>	1,529	1,658	1,859	1,639	1,654
Others	12,892	14,908	15,081	10,438	10,485
<i>Handset rental</i>	0	0	0	66	290
<i>Overseas call</i>	8,168	5,977	5,731	5,851	4,916
<i>M-commerce</i>	2,702	2,283	1,868	1,685	1,872
<i>International Roaming</i>	788	1,021	1,103	927	1,098
<i>Other overseas service</i>	470	3,580	5,512	202	459
<i>K-merce Lottery</i>	43	28	25	14	18
<i>M-Ad.</i>	501	1,683	705	933	696
<i>Credit card service</i>	220	336	77	463	910
<i>MNP port-out service</i>					0
<i>Professional Sports</i>			61	298	225
Handset	218,944	241,772	231,829	379,873	318,151
<i>Handset</i>	219,025	241,881	231,913	381,215	319,030
<i>(Handset discount)</i>	(81)	(109)	(84)	(1,342)	(879)
. Operating Expense	1,054,090	1,096,130	1,132,193	1,337,463	1,390,342
Salary & Bonus	32,638	34,006	32,791	43,746	32,146
Fees for temporary employee	239	231	352	407	251
Out-sourcing employee	1,637	1,828	1,632	2,617	1,688
Retirement	4,618	2,575	5,696	4,017	2,181
Fringe benefits & others	7,185	5,797	6,559	7,148	6,870
Rent	24,991	25,481	29,912	26,327	30,243
Lease	10,015	10,015	10,795	15,327	15,327
Service fee & commission	95,147	94,880	94,030	96,378	101,752
Depreciations	202,877	212,050	223,198	234,771	249,985
Amortizations	682	818	8,828	24,369	24,444
Tax & dues	6,370	7,676	17,900	15,201	13,122
Fare	2,175	2,005	2,122	1,829	2,660
Insurance	594	491	572	461	516
Interconnections	120,845	116,293	119,805	111,090	122,805
Overseas call cost	1,410	1,540	1,475	1,526	1,358
Leased line cost	89,838	89,918	87,016	87,549	93,024
CP info usage charge	839	752	2,812	668	1,026
Universal service obligations sharing	15,183	15,819	(18,021)	10,000	10,000
Vehicles	582	486	470	481	501
Educations	1,528	1,499	1,965	1,386	1,333
Ordinary R&D	5,215	2,691	7,474	1,655	1,718
Awards	1,447	371	284	187	161
Entertainment	384	352	353	339	554

Descriptions	2003. 4 - 6	2003. 7 - 9	2003. 10 - 12	2004. 1 - 3	2004. 4 - 6
	Amount	Amount	Amount	Amount	Amount
Sales commission	102,796	115,159	122,709	157,747	218,972
Sales promotions	30,187	30,216	39,712	41,289	44,029
Advertisement	24,739	24,579	33,040	38,096	30,087
Bad Debt	13,397	12,574	15,217	4,969	3,920
Travel & Car fare	1,093	1,334	1,385	984	1,149
Utilities	9,911	13,062	11,442	10,573	11,297
Communications	7,277	7,111	7,261	6,959	7,016
Repair & Maintenance	14,138	15,280	23,828	5,431	18,412
Office supplies	2,521	2,625	3,363	3,679	2,860
Other researchs	1,940	2,353	3,248	468	1,877
Book & Printing	264	266	136	395	206
Conference & managerial events	1,408	1,411	1,761	1,710	2,252
Cost of Handset sold	217,982	239,905	229,326	377,685	334,599
Others	0	2,680	1,748	0	0
.Operating income	226,863	206,733	152,793	104,610	101,852
.Non-operating gains	17,568	13,002	43,565	25,590	24,126
Interest	1,772	766	19,571	2,117	1,247
Disposition of short-term sales securities	105	206	22	206	231
Evaluation of short-term sales securities	67	(39)	(28)	143	(143)
Disposition of Available-for-sale securities			7,058	0	0
Evaluation of Available-for-sale securities			3,579	0	0
Dividend	651	0	0	84	315
Rent	2,161	2,303	5,358	2,569	3,729
Equity method evaluation	(110)	0	(3,525)	2,108	2,095
FX transactions	342	202	108	942	4,973
FX translations	1,304	(983)	(257)	7,161	1,287
Disposition of Investment	2,275	0	0	0	0
Disposition of tangible asset	26	20	86	3	3
Disposition of Intangible asset	0	0	0	0	26
Forward contract	2	0	0	0	0
Tax refund				1,162	0
Others	2,067	3,837	4,760	1,991	3,524
Miscellaneous gains	6,907	6,690	6,832	7,103	6,837
.Non-operating losses	90,893	99,312	117,598	73,073	81,836
Interest	71,002	66,233	65,083	55,701	55,761
FX transactions	48	37	34	699	303
FX translations	(10,378)	7,723	19,866	231	(82)
Donation	2,818	2,148	2,416	3,107	2,981
Equity method evaluation	3,290	586	(2,235)	0	1,792
Disposition of short-term sales securities	65	0	275	0	0
Evaluation of short-term sales securities	(39)	22	(248)	0	0
Evaluation of Inventories	61	0	666	0	0
Disposition of Investment	0	0	10,768	0	0
Evaluation of Investment securities	0	0	0	8,853	8,635
Disposition of Tangible asset	22,487	22,197	9,632	1,228	3,901
Disposition of Intangible asset	4	7	10	2	7
Loss from forward contract	21	0	34	0	0
Loss from other derivatives					118
Loss sharing for overseas call	395	0	0	0	0

Descriptions	2003. 4 - 6		2003. 7 - 9		2003. 10 - 12		2004. 1 - 3		2004. 4 - 6	
	Amount		Amount		Amount		Amount		Amount	
Others	514		180		993		578		0	
Loss from disaster	0		0		11		0		0	
Selling Trade receivable-ABS	0		0		10,103		2,334		3,568	
Miscellaneous losses	604		178		191		340		4,851	
.Ordinary Income		153,539		120,423		78,760		57,127		44,142
.Extra-ordinary gain		0		0		0		0		0
.Extra-ordinary loss		0		0		0		0		0
IX.Extra-ordinary loss		153,539		120,423		78,760		57,127		44,142
X.Tax		20,656		16,340		452		8,444		745
Income tax	20,656		16,340		452		8,444		745	
XI. Net Income		132,883		104,083		78,307		48,683		43,397

EBITDA	429,460	417,734	382,315	361,561	392,728
EBITDA Margin	40.4%	39.4%	36.3%	34.0%	33.5%

Balance Sheet

As of June 30, 2004

KTF

This material is not reviewed nor audited by external auditor, and reflecting pre-closing numbers.

(Unit : W mn)

	2Q-2004	1Q-2004	2Q-2003		2Q-2004	1Q-2004	2Q-2003
Assets	8,186,556	8,042,425	8,162,060	Liabilities	5,124,665	5,041,181	5,200,763
Current	1,530,518	1,524,698	1,591,200	Current	2,447,344	2,567,204	2,803,328
Quick	1,307,612	1,358,702	1,454,818	Trade payable	330,774	332,172	263,599
Cash	23,984	63,608	68,812	Other payable	623,644	620,732	652,803
Short-term financial investment				Short-term borrowings	500,000	350,000	280,000
Available-for-sale Securities	3,309	35,802	14,454	Advances from customer	20,503	19,711	15,097
Trade receivables	1,147,834	1,138,380	1,238,091	Withholdings	91,935	105,547	125,088
Other receivables	81,593	66,811	73,566	Accrued expenses	116,485	88,353	89,665
Short-term loans	6,688	7,094	9,525	Current portion of long-term debt	749,102	949,411	1,320,649
Advanced payment	27,946	26,992	25,880	Unpaid income tax	14,900	7,141	54,147
Prepaid expenses	15,138	19,262	24,046	Unpaid dividend		94,137	
Accrued income	986	641	260	Others			2,280
Others	136	112	183				
Inventory	222,905	165,995	136,382	Non-Current	2,677,321	2,473,977	2,397,425
Non-current	6,636,038	6,517,728	6,560,860	Bonds	2,102,335	1,905,150	1,847,651
Investment	678,727	559,496	483,525	Long-term borrowings			
Long-term financial investment	21	21	56	Long-term payables	528,228	523,293	509,891
Investment securities	73,031	75,210	99,680	Others	46,757	45,533	39,882
Equity method security	21,897	8,581	5,954				
Hold-to-maturity	57,361	76,665		Equity	3,041,891	3,001,243	2,951,307
Long-term Receivables	156,751			Capital Stock	955,703	955,703	955,703
Long-term loans	56,171	55,965	44,290	APIC	1,325,489	1,325,489	1,325,489
Guarantee deposit	204,556	241,348	232,584	Retained Earnings	846,542	803,145	764,508
Deferred income tax	99,969	92,955	92,156	Capital Adjustment	(85,842)	(83,093)	(94,392)
Others	8,970	8,751	8,805				
Tangible	4,770,295	4,747,452	4,845,636				
Land	122,519	122,689	123,689				
Buildings	185,310	187,065	180,672				
Structure	67,563	66,036	64,293				
Equipment & Machinery	3,901,945	3,929,839	3,433,959				
Vehicles	4,784	5,214	6,502				
Construction in progress	217,383	144,920	807,556				
Others	270,790	291,688	228,965				
Intangible	1,187,016	1,210,780	1,231,700				
Debt-Equity	168%	168%	176%				

VI. Appendix

Notes on 2Q04 Earnings Release

Item	Notes																
Interconnection	Interconnection revenue increased by W10.9bn and expense decrease by W4.2bn in 1Q due to changes of interconnection rate readjustment changes was retroactively realized in 2Q																
Handset sales	Started to appraising long-term handset receivables to present value reduced handset sales in 2Q by W15.2bn. (the portion on 2Q is W3.0bn with remaining amount reflecting the past)																
Data VAS sales	Policy change of contents usage fee payment to CP, from collection based to billing based, temporarily lowered data VAS sales by W11.4bn in 2Q																
Total	When excluding items above in our income statement																
	(unit: W bn)																
	<table border="1"> <thead> <tr> <th>Descriptions</th> <th>Current</th> <th>Excl. non-recurrings</th> <th>Net Effect</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>1,492.2</td> <td>1,504.9</td> <td>+12.7</td> </tr> <tr> <td>Cost</td> <td>1,390.3</td> <td>1,394.5</td> <td>+4.2</td> </tr> <tr> <td>Oper. Income</td> <td>101.9</td> <td>110.4</td> <td>+8.5</td> </tr> </tbody> </table>	Descriptions	Current	Excl. non-recurrings	Net Effect	Revenue	1,492.2	1,504.9	+12.7	Cost	1,390.3	1,394.5	+4.2	Oper. Income	101.9	110.4	+8.5
	Descriptions	Current	Excl. non-recurrings	Net Effect													
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