



FY2006 2Q Earnings Release

KT Freetel Co., Ltd.

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I . Financial Highlights

[Summary of income statement & financial ratios]

(In million KRW)

	06-2Q	05-2Q	YoY	06-1Q	QoQ
Service revenue	1,314,216	1,241,650	5.8%	1,269,666	3.5%
Service cost	1,179,156	1,024,597	15.1%	1,103,743	6.8%
Operating income	152,676	222,227	-31.3%	170,869	-10.6%
Excluding handset margin	135,060	217,054	-37.8%	165,923	-18.6%
EBITDA (Excluding handset margin)	418,190	500,812	-16.5%	448,966	-6.9%
Non-operating income	24,485	20,884	17.2%	39,576	-38.1%
Non-operating expense	76,981	75,001	2.6%	56,994	35.1%
Ordinary income	100,180	168,110	-40.4%	153,452	-34.7%
Tax expense	19,598	17,609	11.3%	28,153	-30.4%
Net income	80,582	150,500	-46.5%	125,299	-35.7%
Financial ratio	06-2Q	05-2Q	YoY	06-1Q	QoQ
▮ Marketing cost/service Revenue	24.5%	18.7%	5.8%p	21.8%	2.7%p
▮ OP margin	10.3%	17.5%	-7.2%p	13.1%	-2.8%p
▮ EBITDA margin	31.8%	40.3%	-8.5%p	35.4%	-3.5%p
▮ Net profit margin	6.1%	12.1%	-6.0%p	9.9%	-3.8%p
▮ Effective income tax rate	19.6%	10.5%	9.1%p	18.3%	1.3%p
▮ Net debt/equity ratio	18.1%	72.7%	-54.6%p	21.8%	-3.7%p
Net debt/equity including 3G license payable	31.5%	88.9%	-57.4%p	35.3%	-3.8%p
▮ Total debt/equity ratio	86.3%	122.7%	-36.4%p	88.6%	-2.3%p

A. Service revenue grew 3.5% QoQ and 5.8% YoY

- 1) Growing subscriber number and ARPU growth mainly contributed to QoQ service revenue increase
- 2) Rising subscribers, bulging wireless data revenue (18.3%) and increase of Resale revenue (18.2%) were main reasons of healthy YoY sales growth

B. EBITDA margin shrank by 3.5%p QoQ and 8.5%p YoY

- 1) Increased handset subsidy, additional advertising cost related to World Cup soccer games, KRW 12 billion of KCC fine, and KRW 4.7 billion of FTC fine were main reasons for QoQ EBITDA margin erosion
- 2) Adjusted net interconnection income based on lowered rate assumptions, increased marketing cost, KCC fine, and FTC fine mainly led to YoY EBITDA margin decline

C. Net profit declined by 35.7% QoQ and 46.5% YoY

- 1) 10.6% drop in operating income and increased non-operating expenses mainly due to fixed asset disposal loss resulted in QoQ net profit decline
- 2) Weakened operating income and higher corporate tax expense led to YoY net profit decline

II. Sales

[Sales breakdown]

	(In million KRW)				
	06-2Q	05-2Q	YoY	06-1Q	'QoQ
Service revenue	1,314,216	1,241,650	5.8%	1,269,666	3.5%
Voice revenue	985,900	966,162	2.0%	955,655	3.2%
Monthly base fee	434,261	410,826	5.7%	425,903	2.0%
Airtime charge	304,308	313,653	-3.0%	289,724	5.0%
Value added service	44,811	38,764	15.6%	45,550	-1.6%
Interconnection	245,201	249,723	-1.8%	234,777	4.4%
Others	9,607	7,471	28.6%	9,381	2.4%
(Voice Discount)	(52,289)	(54,275)	-3.7%	(49,680)	5.3%
Data revenue	185,233	156,557	18.3%	178,087	4.0%
Monthly base fee	52,788	46,815	12.8%	53,769	-1.8%
Messaging(SMS,MMS)	54,966	37,652	46.0%	46,394	18.5%
Wireless data usage	57,741	60,604	-4.7%	61,458	-6.0%
(Data discount)	(258)	(660)	-60.9%	(690)	-62.6%
Contents	15,118	8,761	72.6%	12,856	17.6%
Others	4,878	3,385	44.1%	4,300	13.4%
Resale revenue	117,669	99,557	18.2%	111,173	5.8%
Other revenue	25,414	19,374	31.2%	24,752	2.7%
Subscription	16,516	17,552	-5.9%	20,885	-20.9%
Other service revenue	8,899	1,822	388.4%	3,867	130.1%
Handset sales	325,042	216,582	50.1%	294,331	10.4%
Total operating revenue	1,639,258	1,458,233	12.4%	1,563,997	4.8%

A. Voice revenue rose by 3.2% QoQ and 2% YoY

- 1) Monthly base fee income was increased by 2% QoQ and 5.7% YoY mainly due to subscriber growth and higher monthly base fee per subscriber
- 2) Airtime charge was increased by 5% QoQ due to higher subscriber number and MOU increase, but decreased by 3% YoY largely due to increased free minutes for 'Carryover Call Plans' subscribers
- 3) Other voice revenue jumped by 28.6% YoY because of higher international calls and roaming incomes

B. Data revenue increased by 4% QoQ and 18.3% YoY

- 1) Monthly base fee was increased by 12.8% YoY because more subscribers opted for high message using service packages
- 2) Messaging revenue grew by 18.5% QoQ and 46% YoY due to steadily growing usages of messaging services (28% increase YoY and 5% increase QoQ)
- 3) Contents revenue soared by 72.6% YoY and 17.6% QoQ mainly because of changes in the accounting method for sourcing music contents, recognizing revenues as gross-base instead of net-base

C. Resale revenue

- 1) Resale subscriber growth (2.7% YoY and 1.5% QoQ) and ARPU increase contributed to resale revenue to grow by 5.8% QoQ and 18.2% YoY

D. Handset sales

- 1) Strong handset replacement demand led to growths of 10.4% QoQ and 50.1% YoY

III. Operating expense

[Operating expense breakdown]

(In million KRW)

	06-2Q	05-2Q	YoY	06-1Q	QoQ
1. Labor expense	51,275	48,815	5.0%	58,658	-12.6%
2. Commission	110,244	99,027	11.3%	101,596	8.5%
3. Interconnection	163,966	149,985	9.3%	154,465	6.2%
4. International call	4,708	2,035	131.4%	4,835	-2.6%
5. Contents fee	6,659	893	645.7%	4,544	46.5%
6. Rent	33,997	28,361	19.9%	29,190	16.5%
7. Depreciation&Amortization	283,130	283,759	-0.2%	283,043	0.0%
8. Leased line expense	87,829	88,976	-1.3%	86,211	1.9%
9. Utility	13,187	12,117	8.8%	13,586	-2.9%
10. Repair&Maintenance	18,499	18,754	-1.4%	17,569	5.3%
11. Lease expense	15,327	15,327	0.0%	15,327	0.0%
12. Marketing expense	321,693	232,253	38.5%	276,780	16.2%
13. Bad debt expense	24,525	5,667	332.8%	22,516	8.9%
14. Tax & Dues	26,990	7,467	261.5%	11,584	133.0%
15. USO	(2,048)	10,000	N/A	5,000	N/A
16. Others	19,176	21,162	-9.4%	18,841	1.8%
Total service expense	1,179,156	1,024,597	15.1%	1,103,743	6.8%
Handset cost	307,426	211,409	45.4%	289,385	6.2%
Gross total	1,486,582	1,236,006	20.3%	1,393,128	6.7%

A. Labor expense

- Decreased by 12.6% QoQ due to bonus payments in 1Q but increased by 5% YoY due to a moderate increase in employees

B. Commission (Fees)

- Rose by 11.3% YoY and 8.5% QoQ due to increased fees for maintaining base stations and increased outsourcing expenses

C. Interconnection expense

- Increased by 6.2% QoQ and 9.3% YoY due to increased subscribers and increased outgoing traffic

D. International calls

- Jumped 131.4% due to increased international call traffics and expanding usages of international prepaid card services

E. Contents fee

- Soared 645.7% YoY due to change in accounting method for recognizing contents revenue

F. Rent

- Increased by 19.9% YoY and 16.5% QoQ due to settlement of biannual rent fees for shared base stations

G. Bad debt expense

- Temporarily increased due to ABS effect. After reflecting bad debt redemption from ABS in non-operating, the effective ratio stands at 2.2%, similar to the 1Q level

H. Tax & Dues

- 1) Reflected KRW 12 billion of KCC fine for violating handset subsidy regulation
- 2) Reflected KRW 4.7 billion of FTC fine

I. Universal service obligation (USO)

- 1) Final settlement of USO for 2002~2004 resulted in KRW 7 billion reduction (Assumed and provisioned KRW 15 billion for 2004~2005 F/S but finalized at KRW 8 billion)

VI. Interconnection revenue& expense

[Breakdown]

(In million KRW)

	06-2Q	05-2Q	YoY	06-1Q	QoQ
Interconnection revenue	245,201	249,723	-1.8%	234,777	4.4%
LM	79,430	85,193	-6.8%	81,489	-2.5%
MM	165,771	164,530	0.8%	153,288	8.1%
Interconnection expense	163,966	149,985	9.3%	154,465	6.2%
LM	27,440	27,102	1.2%	27,260	0.7%
MM	136,526	122,883	11.1%	127,205	7.3%
Net interconnection profit	81,235	99,738	-18.6%	80,312	1.1%
LM	51,990	58,090	-10.5%	54,230	-4.1%
MM	29,245	41,648	-29.8%	26,083	12.1%

A. Net interconnection profit

- 1) Increased by 1.1% QoQ due to traffic growth
- 2) Dropped 18.6% YoY after reflecting lowered interconnection rate assumptions

B. Interconnection revenue

- 1) Increased by 4.4% QoQ due to increase of incoming call traffics
- 2) Decreased slightly by 1.8% YoY due to lowered interconnection rate assumptions (10% reduction) in spite that call traffic increased over the period

C. Interconnection expense

- 1) Increased by 6.2% QoQ and 9.3% YoY due to increased outgoing call traffics

VI. Marketing cost

[Breakdown]

(In million KRW)

	-	06-2Q	05-2Q	YoY	06-1Q	QoQ
Sales commision		190,370	174,358	9.2%	225,862	-15.7%
Sales promotion		87,354	30,371	187.6%	26,244	232.9%
Advertising		43,970	27,524	59.8%	24,674	78.2%
Total marketing cost		321,693	232,253	38.5%	276,780	16.2%
Marketing cost/service rev.		24.5%	18.7%	5.8%p	21.8%	2.7%p
Adjusted marketing cost*		304,077	227,080	33.9%	271,834	11.9%
Adj. Marketing cost/service rev.		23.1%	18.3%	4.8%p	21.4%	1.7%p

* Adjusted Marketing cost : excluding handset margin to align with peers

(In million KRW)

Breakdown	06-2Q	05-2Q	YoY	06-1Q	QoQ
Acquisition cost	127,551	90,836	40.4%	139,802	-8.8%
Sales commission	96,846	88,564	9.4%	136,627	-29.1%
Sales promotion	30,705	2,273	1250.9%	3,175	867.1%
Acquisition cost/subscriber	153,298	112,858	35.8%	142,175	7.8%
Adjusted Acquisition cost/subs.*	123,938	98,898	25.3%	121,077	2.4%
Retention cost	150,172	113,893	31.9%	112,303	33.7%
Sales commission	93,524	85,795	9.0%	89,235	4.8%
Sales promotion	56,648	28,098	101.6%	23,069	145.6%
Advertising	43,970	27,524	59.8%	24,674	78.2%
Total marketing cost	321,693	232,253	38.5%	276,780	16.2%

•Note: Adjusted acquisition cost per subs. – exclude handset sales promotion fees from the manufacturers

A. Total marketing cost

- 1) Total marketing cost increased by 16.2% QoQ due to increased handset subsidy and additional advertising activities related to FIFA world cup soccer

B. Subscriber acquisition cost

- 1) Increased by 40.4% YoY because handset subsidy is legalized from end-March 2006

C. Subscriber retention cost

- 1) Climbed by 31.9% YoY and 33.7% QoQ due to escalating handset replacement demand and its cost per subscriber

D. Advertising cost

- 1) Soared by 78.2% QoQ due to active advertising during FIFA World Cup games

VII. Non-operating Income & Expense

[Breakdown]

(In million KRW)

	06-2Q	05-2Q	YoY	06-1Q	QoQ
Interest income	4,577	2,210	107.1%	5,402	-15.3%
Interest expense	35,271	48,439	-27.2%	36,778	-4.1%
Net gain(loss)	(30,694)	(46,229)	-33.6%	(31,376)	-2.2%
Gain from FOREX	1,385	3,563	-61.1%	5,017	-72.4%
Loss from FOREX	713	58	1127.5%	499	42.9%
Net gain(loss)	671	3,505	-80.9%	4,517	-85.1%
Other non-operating income	18,523	15,111	22.6%	29,157	-36.5%
Other non-operating expense	40,996	26,504	54.7%	19,717	107.9%
Net gain(loss)	(22,473)	(11,393)	97.3%	9,440	-338.1%
Total non-operating income	24,485	20,884	17.2%	39,576	-38.1%
Total non-operating expense	76,981	75,001	2.6%	56,994	35.1%
Gross net gain(loss)	(52,496)	(54,117)	-3.0%	(17,417)	201.4%

A. Interest income/expense

- Interest expense was reduced by 4.1% QoQ and 27.2% YoY after paying down sizeable debts

B. Net gain/loss from foreign exchange translation & transaction

- Gains from FOREX was reduced after repayment of JPY denominated debts (JPY 4.7billion)
- Losses from FOREX increased after closing JPY denominated savings account (JPY 2.7 billion) which was established for hedging purpose

C. Other non-operating income/expense

- Other non-operating expense increased mainly due to losses from disposal of fixed assets

VIII. EBITDA margin & CAPEX

(In million KRW)

	06-2Q	'05-2Q	YoY	06-1Q	QoQ
D&A	283,130	283,759	-0.2%	283,043	0.0%
EBITDA	418,190	500,812	-16.5%	448,966	-6.9%
EBITDA margin	31.8%	40.3%	-8.5%p	35.4%	-3.5%p
CAPEX	329,688	150,240	119.4%	274,960	19.9%

A. EBITDA margin

- EBITDA margin declined by 3.5%p QoQ and 8.5%p YoY due to the impacts from marketing cost hikes, reduced interconnection profits, a fine by KCC and a fine by FTC

B. CAPEX

- CAPEX for 2Q 2006 rose by 119.4% YoY due to active investments in HSDPA

VIII. Balance Sheet

(In million KRW)

Asset	7,948,108	7,893,819	Liabilities	3,681,486	3,707,699
Current asset	2,362,424	2,323,479	Current	1,762,817	1,492,326
Quick Asset	2,182,744	2,120,690	Non-current	1,918,669	2,215,373
Inventory	179,680	202,789			
Non-current asset	5,585,684	5,570,340	Equity	4,266,621	4,186,119
Investment	434,325	442,582	Paid-in-capital	1,044,181	1,044,181
Tangible Asset	4,152,542	4,105,805	APIC	1,731,271	1,731,271
Intangible Asset	998,817	1,021,953	Retained earnings	1,486,932	1,406,350
			Capital adjustment	4,236	4,317

A. Leverage

- 1) Total Debt/Equity ratio enhanced by 2.3%p QoQ to 86.3% as Net debt/Equity ratio improved by 3.7%p QoQ to 18.1%

* Long-term payable related to WCDMA license is excluded in calculating Net debt/Equity ratio (Net debt/Equity ratio of 31.5% if included)

[Interest-bearing debt breakdown]

(In million KRW)

	'06-2Q	'05-2Q	YoY	06-1Q	QoQ
Interest-bearing debt	1,677,300	2,606,819	-35.7%	1,715,995	-2.3%
Payable within one year	299,717	930,716	-67.8%	39,001	668.5%
Net debt	773,751	2,462,086	-68.6%	912,297	-15.2%
Foreign currency debt	-	JPY 4.7billion	-100.0%	JPY 4.7billion	-100.0%

A. Interest-bearing debt

- 1) Interest-bearing debt comprises of KRW 300 billion of current portion of long-term debt and KRW 1.38 trillion of long-term debt
- 2) Long-term payable of KRW 571 billion for WCDMA license is not included in calculating interest-bearing debt
- Current portion of long-term payable: KRW 87 billion
 - Long-term payable: KRW 484 billion

IX. Operation highlight

A. Subscriber trend

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	06-2Q	06-1Q	05-4Q	05-3Q	05-2Q
Total No. of Subs.	12,634	12,539	12,302	12,279	12,166
KT resale subs.	2,598	2,553	2,493	2,512	2,526
Quarterly addition	1,075	1,238	993	1,139	1,011
Quarterly deactivation	980	1,002	970	1,025	887
Quarterly net addition	95	237	23	114	124
KTF-only (excluding resale subs.)	10,036	9,986	9,809	9,767	9,640
Quarterly addition	832	983	826	967	805
Quarterly deactivation	782	806	784	839	734
Quarterly net addition	50	177	42	127	71

B. Subscriber breakdown by handset type

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	06-2Q	06-1Q	05-4Q	05-3Q	05-2Q
EV-DO	4,839	4,594	4,392	4,225	3,852
VOD	2,100	1,770	1,523	1,360	1,106
1X	7,389	7,440	7,336	7,367	7,492
2G	406	504	575	687	822
Total	12,634	12,539	12,302	12,279	12,166

* Including KT resale sub.

C. ARPU

(KRW)

	06-2Q	06-1Q	05-4Q	05-3Q	05-2Q
ARPU-excluding interconnect.	30,881	30,263	30,727	30,350	30,331
ARPU-including interconnect.	38,845	38,292	39,483	38,978	39,071
Data ARPU (Net basis)	6,172	5,983	5,733	5,702	5,449
Contribution to ARPU (Net)	20%	20%	19%	19%	18%
Data ARPU (Gross basis)	6,949	7,033	6,859	6,732	6,461
Contribution to ARPU (Gross)	23%	23%	22%	22%	21%

* Excluding KT resale sub.

D. ARPU by handset type

(KRW)

		06-2Q	06-1Q	05-4Q	05-3Q	05-2Q
1X	Data ARPU	4,620	4,501	4,597	4,497	4,401
	Total ARPU	30,485	30,336	31,216	30,798	31,069
EV-DO	Data ARPU	6,965	6,708	6,844	7,399	7,388
	Total ARPU	38,650	38,053	39,371	39,915	40,366
VOD	Data ARPU	11,416	10,706	10,588	10,417	9,486
	Total ARPU	46,576	45,016	45,750	44,962	43,837
2G	Data ARPU	3,643	2,781	2,060	1,876	1,669
	Total ARPU	13,886	13,930	13,658	14,069	15,011

* Excluding KT resale subs., excluding interconnection revenue, Data ARPU as Gross basis

Appendix 1 : Income Statement

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

KTF Descriptions	2005. 1 ~ 3		2005. 4 ~ 6		2005. 7 ~ 9		2005. 10 ~ 12		2006. 1 ~ 3		2006. 4 ~ 6	
	Amount		Amount		Amount		Amount		Amount		Amount	
I . Total Sales		1,469,166		1,458,233		1,572,285		1,552,105		1,563,997		1,639,258
PCS Service	1,193,317		1,230,690		1,255,351		1,283,048		1,253,824		1,292,600	
Activations	20,258		17,552		21,074		17,910		20,885		16,516	
Monthly Fee	448,122		457,641		463,635		470,278		479,672		487,050	
Airtime charge	294,107		313,653		306,952		316,273		289,724		304,308	
Value-added service	141,742		145,781		155,032		158,730		166,258		172,636	
(PCS discount)	(52,523)		(54,935)		(53,218)		(53,965)		(50,370)		(52,547)	
Interconnection	240,611		249,723		254,165		259,938		234,777		245,201	
Resale	99,157		99,557		105,994		112,109		111,173		117,669	
Fees from other services	1,842		1,718		1,716		1,775		1,705		1,767	
Other Services	10,694		10,961		11,556		12,600		15,842		21,616	
Handset rental	120		68		82		192		134		126	
Overseas call	5,597		5,742		5,639		6,050		6,531		6,316	
M-commerce	2,186		2,151		2,168		2,121		2,330		2,365	
International Roaming	1,074		1,417		1,607		2,289		1,841		2,373	
Other overseas service	249		295		231		96		105		88	
K-merce Lottery	60		55		67		67		73		71	
M-Ad.	670		668		889		1,027		1,293		807	
Credit card service	335		330		639		369		565		1,572	
MNP port-out service	9		9		9		9		11		11	
Professional Sports	394		226		225		381		383		225	
Rental Income									2,577		7,662	
Handset	265,155		216,582		305,378		256,457		294,331		325,042	
Handset	265,634		217,331		306,493		257,371		295,312		326,468	
(Handset discount)	(480)		(749)		(1,115)		(914)		(982)		(1,426)	
II . Operating Expense		1,279,030		1,236,006		1,374,290		1,337,668		1,393,128		1,486,582
Salary & Bonus	43,679		33,962		41,919		44,216		41,927		35,786	
Fees for temporary employee	260		250		191		190		155		151	
Out-sourcing employee	2,309		1,680		2,210		1,734		2,611		1,941	
Retirement	5,214		2,627		2,620		3,992		4,384		2,998	
Fringe benefits & others	6,816		7,455		6,899		7,736		7,319		7,728	
Rent	27,118		28,361		28,612		29,937		29,190		33,997	
Lease	15,327		15,327		15,327		15,327		15,327		15,327	
Service fee & commission	95,196		99,027		100,066		105,916		101,370		109,836	
Depreciations	261,213		259,218		258,878		258,452		257,963		257,933	
Amortizations	24,503		24,541		25,665		25,688		25,080		25,197	
Tax & dues	13,519		7,467		14,173		9,040		11,584		26,990	
Fare	1,234		2,308		2,214		2,194		1,413		1,968	
Insurance	381		356		371		7		627		219	
Interconnections	142,345		149,985		153,761		157,069		154,465		163,966	
Overseas call cost	1,843		2,035		2,275		3,869		4,835		4,708	
Leased line cost	91,667		88,976		90,286		89,726		86,211		87,829	
CP info usage charge	742		893		903		797		4,544		6,659	
Universal service obligations sh	10,000		10,000		10,000		16,545		5,000		2,048	
Vehicles	489		581		619		594		613		627	
Educations	1,711		1,871		2,214		2,535		2,129		2,526	
Ordinary R&D	475		1,130		3,401		4,098		1,069		1,296	
Awards	1,035		970		1,351		417		132		145	
Entertainment	427		494		498		509		418		504	

Descriptions	2005. 1 ~ 3		2005. 4 ~ 6		2005. 7 ~ 9		2005. 10 ~ 12		2006. 1 ~ 3		2006. 4 ~ 6	
	Amount		Amount		Amount		Amount		Amount		Amount	
III. Operating Income		190,136		222,227		197,996		214,437		170,869		152,676
IV. Non-operating gains		91,927		20,884		18,927		26,216		39,576		24,486
Interest	1,926		2,210		2,525		3,397		5,402		4,577	
Disposition of ST sales securities	0		0		477		8,236		2,649		2,859	
Evaluation of ST sales securities	0		300		-147		(56)		1,414		1,092	
Disposition of Available-for-sale s	7,735		54		-54		(7,734)		8,405		0	
Evaluation of Available-for-sale s	0		57		-57		(0)		3,312		4,298	
Dividend	301		-		-		0		240		312	
Rent	1,294		2,663		1,658		3,609		0		0	
Equity method evaluation	892		(178)		754		2,045		70		551	
FX transactions	178		6,791		178		64		3,095		1,104	
FX translations	7,136		(3,228)		207		3,175		1,921		282	
Disposition of Investment	284		-		110		0		0		0	
Disposition of tangible asset	57,238		74		66		1,049		67		87	
Disposition of Intangible asset	0		16		-3		142		6		0	
Collection of bad debt	0		61		0		200		0		0	
Gain from Derivatives	0		0		0		(0)		0		0	
Tax refund	2,099		0		0		566		5,483		0	
Others	5,594		4,750		6,677		4,093		859		2,570	
Miscellaneous gains	7,250		7,301		6,535		7,433		6,652		6,753	
V. Non-operating losses		107,310		75,001		71,591		118,193		56,994		76,982
Interest	48,767		48,439		44,973		42,516		36,778		35,271	
FX transactions	110		29		169		45		83		565	
FX translations	150		29		121		181		416		150	
Donation	5,221		4,573		4,702		4,776		4,839		5,073	
Equity method evaluation	314		2,215		(1,474)		385		8,865		4,722	
Disposition of ST sales securities	0		0		0		0		-		-	
Evaluation of ST sales securities	0		0		0		0		-		-	
Disposition of Inventories	0		0		0		0		-		-	
Evaluation of Inventories	0		0		0		0		-		-	
Disposition of Investment	0		0		0		0		-		-	
Evaluation of Invest. securities	7,452		3,516		3,376		10,787		-		-	
Disposition of Tangible asset	36,433		9,426		16,189		54,897		1,896		4,640	
Disposition of Intangible asset	3		4		8		33		29		10	
Loss from derivatives	0		7,948		0		0		-		477	
Evaluation loss from derivatives	5,119		(4,251)		221		1,252		938		-	
Loss sharing for overseas call	0		0		0		0		-		-	
Others	642		(17)		477		136		-		22,698	
Loss from disaster	0		0		0		0		-		-	
Selling Trade receivable-ABS	2,974		2,965		2,947		2,975		2,967		2,973	
Other bad debt	0		-		-		-		-		388	
Miscellaneous losses	125		125		123		210		183		14	
VI. Ordinary Income		174,752		168,110		145,331		122,460		153,452		100,180
VII. Pretax Income		174,752		168,110		145,331		122,460		153,452		100,180
VIII. Tax		17,969		17,609		15,231		12,841		28,153		19,598
IX. Net Income		156,784		150,500		130,100		109,619		125,299		80,582

Appendix 2 : Balance Sheet

Balance Sheet

(Unit : W mn)

	2Q-2006	1Q-2006	2Q-2005		2Q-2006	1Q-2006	2Q-2005
Assets	7,948,108	7,893,819	7,542,969	Liabilities	3,681,486	3,707,699	4,155,196
Current	2,362,424	2,323,479	1,775,310	Current	1,762,817	1,492,326	1,871,700
Quick	2,182,744	2,120,690	1,534,488	Trade payable	268,519	284,497	165,877
Cash	212,034	63,367	92,502	Other payable	770,522	733,405	416,532
ST Securities	380,000	270,000	-	Short-term borrowings	-	-	-
Available-for-sale Securities	311,514	470,332	52,231	Advances from customer	31,300	32,577	26,358
Hold-to-maturity	52,458	74,088	-	Withholdings	115,853	118,548	141,499
Trade receivables	947,725	981,138	1,193,960	Accrued expenses	127,248	107,728	127,954
Other receivables	117,131	102,934	74,829	Current portion of LT debt	394,324	125,075	930,716
Short-term loans	10,494	9,616	8,076	Unpaid income tax	55,052	77,379	62,765
Advanced payment	18,491	21,203	21,224	Unpaid Dividends	-	8,244	-
Prepaid expenses	13,178	15,121	12,102	Others	-	4,873	-
Accrued income	2,983	2,596	1,142				
Deferred tax	116,728	110,286	78,385				
Others	8	8	38				
Inventory	179,680	202,789	240,822				
Non-Current	5,585,684	5,570,340	5,767,658	Non-Current	1,918,669	2,215,373	2,283,496
Investment	434,325	442,582	467,274	Bonds	1,377,583	1,676,995	1,676,103
Long-term financial investment	16	16	16	Long-term borrowings	-	-	-
Investment securities	13,467	13,769	17,084	Long-term payables	483,878	478,868	548,571
Equity method security	65,827	69,517	56,674	Others	57,208	59,511	58,821
Hold-to-maturity	-	-	27,870				
Long-term Receivables	52,431	49,687	59,235				
Long-term loans	28,805	32,387	41,495				
Guarantee deposit	212,913	211,902	196,588				
Deferred income tax	44,848	48,989	57,996	Equity	4,266,621	4,186,120	3,387,773
Others	16,018	16,316	10,317				
Tangible	4,152,542	4,105,805	4,209,034	Capital Stock	1,044,181	1,044,181	955,703
Land	119,328	119,328	119,509	APIC	1,731,271	1,731,271	1,325,489
Buildings	271,028	273,648	281,666	Retained Earnings	1,486,932	1,406,350	1,192,844
Structure	72,452	72,988	72,363	Capital Adjustment	4,236	4,317	(86,262)
Equipment & Machinery	3,414,243	3,376,866	3,497,304				
Vehicles	2,049	2,357	3,419				
Construction in progress	83,407	69,677	26,290				
Others	190,035	190,941	208,482				
Intangible	998,817	1,021,953	1,091,351				