



FY2006 Earnings Release

KT Freetel Co., Ltd.

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I . Financial Highlights

[Summary of income statement & financial ratios]

(In million KRW)

		06-4Q	06-3Q	QoQ	FY06	FY05	YoY
Service revenue		1,346,933	1,289,143	4.5%	5,219,958	5,008,217	4.2%
Service cost	(Including handset profit)	1,165,824	1,125,050	3.6%	4,551,212	4,183,421	8.8%
	(Excluding handset profit)	1,189,725	1,156,696	2.9%	4,629,320	4,201,396	10.2%
Operating profit	(Including handset profit)	181,109	164,092	10.4%	668,747	824,796	-18.9%
	(Excluding handset profit)	157,208	132,447	18.7%	590,638	806,822	-26.8%
EBITDA	(Including handset profit)	465,900	448,120	4.0%	1,803,738	1,962,955	-8.1%
	(Excluding handset profit)	441,999	416,474	6.1%	1,725,629	1,944,981	-11.3%
	Non-operating income	25,401	27,047	-6.1%	116,509	157,953	-26.2%
	Non-operating expense	72,525	64,986	11.6%	271,486	372,096	-27.0%
	Net non-operating accounts	(47,124)	(37,939)	24.2%	(154,977)	(214,143)	-27.6%
Ordinary income		133,985	126,154	6.2%	513,770	610,653	-15.9%
	Tax expense	26,272	28,046	-6.3%	102,068	63,650	60.4%
Net income		107,713	98,108	9.8%	411,702	547,003	-24.7%
	Financial ratio	06-4Q	06-3Q	QoQ	FY06	FY05	YoY
▮	Marketing cost ratio (Including handset margin)	21.7%	20.6%	1.1%p	21.7%	18.7%	3.0%p
▮	OP margin (Including handset margin)	13.4%	12.7%	0.7%p	12.8%	16.5%	-3.7%p
▮	EBITDA margin (Including handset margin)	34.6%	34.8%	-0.2%p	34.6%	39.2%	-4.6%p
	(Excluding handset margin)	32.8%	32.3%	0.5%p	33.1%	38.8%	-5.7%p
▮	Net profit margin	8.0%	7.6%	0.4%p	7.9%	10.9%	-3.0%p
▮	Effective income tax rate	19.8%	22.2%	-2.4%p	19.9%	10.4%	9.5%p
▮	Net debt/equity ratio	18.6%	12.0%	6.6%p	18.6%	25.1%	-6.5%p
	Net debt/equity including 3G license payable	32.1%	25.3%	6.8%p	32.1%	38.5%	-6.4%p
▮	Total debt/equity ratio	88.5%	85.9%	2.6%p	88.5%	95.9%	-7.4%p

A. Service revenue

- 1) Increase of wireless data revenue (5.4%) and resale revenue (11%) contributed to a positive quarterly growth
- 2) Rising subscribers and bulging wireless data revenue (14.8%) were main reasons of yearly revenue growth

B. EBITDA margin

- 1) Increased annual marketing cost (20.8%) and decreased profit from interconnection rate adjustments mainly caused annual EBITDA margin erosion

C. Net profit

- 1) Despite of 10.4% QoQ growth in operating income, 24.2% deterioration in net non-operating accounts contracted net income growth to 9.8% QoQ
- 2) Weakened operating income from heavy marketing expenses and higher corporate tax rate led to 24.7% YoY drop in net income

II. Sales

(In million KRW)

	06-4Q	06-3Q	QoQ	FY06	FY05	YoY
Service revenue	1,346,933	1,289,143	4.5%	5,219,958	5,008,217	4.2%
Voice revenue	995,382	961,547	3.5%	3,898,484	3,864,583	0.9%
Monthly base fee	445,850	439,472	1.5%	1,745,486	1,648,843	5.9%
Airtime charge	305,186	301,087	1.4%	1,200,306	1,230,985	-2.5%
Value added service	42,268	43,794	-3.5%	176,424	161,804	9.0%
Interconnection	243,161	217,730	11.7%	940,869	1,004,437	-6.3%
Others	10,089	9,513	6.1%	38,590	31,359	23.1%
(Voice Discount)	(51,173)	(50,050)	2.2%	(203,191)	(212,845)	-4.5%
Data revenue	192,189	182,333	5.4%	737,842	642,661	14.8%
Monthly base fee	50,104	51,332	-2.4%	207,995	190,833	9.0%
Messaging(SMS,MMS)	56,103	53,289	5.3%	210,751	155,131	35.9%
Wireless data usage	58,230	55,372	5.2%	232,802	247,604	-6.0%
(Data discount)	(937)	(631)	48.5%	(2,515)	(2,081)	20.9%
Contents	24,030	18,180	32.2%	70,184	37,031	89.5%
Others	4,658	4,790	-2.7%	18,626	14,141	31.7%
Resale revenue	127,033	114,425	11.0%	470,300	416,818	12.8%
Other revenue	32,329	30,837	4.8%	113,332	84,156	34.7%
Subscription	19,743	18,433	7.1%	75,576	76,793	-1.6%
Other service revenue	12,586	12,404	1.5%	37,755	7,362	412.8%
Handset sales	297,623	370,397	-19.6%	1,287,392	1,043,572	23.4%
Total operating revenue	1,644,556	1,659,539	-0.9%	6,507,350	6,051,789	7.5%

A. Voice revenue

- 1) Monthly base fee income increased by 5.9% YoY mainly due to steady subscriber growth and higher monthly base fee per subscriber
- 2) Airtime charge fell by 2.5% YoY due to the growth of high monthly fee plans and 'Carryover Call Plans'.
- 3) Interconnection revenue rose by 11.7% QoQ due to reflection of cumulative effect (KRW 19 billion) of rate adjustment in 3Q, but declined by 6.3% YoY due to 14.2% drop in interconnection rate
- 4) Other voice revenue surged by 22.9% YoY because of higher international calls and roaming incomes

B. Data revenue

- 1) Monthly base fee increased by 9% YoY because more subscribers opted for flat rate service packages
- 2) Messaging revenue grew by 35.9% YoY due to steadily growing usages of messaging services
- 3) Contents revenue soared by 89.5% YoY mainly because of changes in the accounting method for sourcing music contents, recognizing revenues as gross-base instead of net-base
(If contents revenue of last year were recalculated under current method, the growth rate would have been 8% YoY)

C. Resale revenue

- 1) Increased resale subscribers and revenue sharing adjustment from KRW 87.09 to KRW 88.72 per minute contributed to 11% growth QoQ and 12.8% growth YoY

D. Handset sales

- 1) Increased number of sign-ups (7.6% growth) and strong handset replacement demand contributed most of 23.4% YoY growth

III. Service cost

	(In million KRW)					
	06-4Q	06-3Q	QoQ	FY06	FY05	YoY
1. Labor expense	57,333	60,569	-5.3%	227,835	228,063	-0.1%
2. Commision	113,991	108,883	4.7%	434,714	400,203	8.6%
3. Interconnection	180,241	180,790	-0.3%	679,462	603,160	12.7%
4. International call	3,173	3,939	-19.4%	16,655	10,023	66.2%
5. Contents fee	10,983	8,589	27.9%	30,775	3,335	822.7%
6. Rent	36,091	35,517	1.6%	134,794	114,028	18.2%
7. Depreciation&Amortization	284,791	284,027	0.3%	1,134,991	1,138,159	-0.3%
8. Leased line expense	93,116	88,973	4.7%	356,129	360,655	-1.3%
9. Utility	15,066	17,774	-15.2%	59,613	54,533	9.3%
10. Repair&Maintenance	23,442	19,178	22.2%	78,687	74,337	5.9%
11. Lease expense	0	1,947	-100.0%	32,601	61,307	-46.8%
12. Marketing expense	316,318	296,670	6.6%	1,211,461	956,165	26.7%
13. Bad debt expense	20,874	21,261	-1.8%	89,176	54,282	64.3%
14. Tax & Dues	12,073	4,368	176.4%	55,015	44,199	24.5%
15. USO	(23)	5,000	N/A	7,929	13,455	-41.1%
16. Others	22,255	19,210	15.9%	79,483	85,490	-7.0%
Total service expense	1,189,725	1,156,696	2.9%	4,629,320	4,201,396	10.2%
Handset margin	23,901	31,646	-24.5%	78,108	17,974	334.6%
Net Service cost total	1,165,824	1,125,050	3.6%	4,551,212	4,183,421	8.8%

A. Labor expense

1) Decreased by 5.3% QoQ due to bonus payment in 3Q

B. Commission (Fees)

1) Rose by 8.6% YoY due to increased fees for maintaining base stations and outsourcing fees

C. Interconnection expense

1) Rose by 12.7% YoY mainly due to increased outgoing traffic for voice and messaging service

D. International calls

1) Jumped 66.2% YoY due to soaring international call traffics and expanding usages of international prepaid card services

E. Contents fee

1) Escalated heavily due to change in accounting method for recognizing contents revenue and expense

F. Rent

1) Rose by 18.2% YoY due to increased fees for shared base stations and for general renting

G. Bad debt expense

1) Temporarily increased due to ABS effect. After reflecting bad debt redemption from ABS in non-operating, the effective ratio stands at 2.1%

H. Tax & Dues

1) Soared by 176.4% QoQ largely due to reflection of settled refund from contribution to 'IT promotion fund' in 3Q.

2) Rose by 24.5% YoY due to increased fines under handset subsidy rule

IV. Interconnection revenue & expense

(In million KRW)

	06-4Q	06-3Q	QoQ	FY06	FY05	YoY
Interconnection revenue	243,161	217,730	11.7%	940,869	1,004,437	-6.3%
LM	78,634	70,113	12.2%	309,666	356,919	-13.2%
MM	164,527	147,617	11.5%	631,202	647,518	-2.5%
Interconnection expense	180,241	180,790	-0.3%	679,462	603,160	12.7%
LM	32,607	28,011	16.4%	115,318	112,149	2.8%
MM	147,635	152,779	-3.4%	564,145	491,011	14.9%
Net interconnection profit	62,920	36,940	70.3%	261,407	401,277	-34.9%
LM	46,028	42,102	9.3%	194,349	244,770	-20.6%
MM	16,892	(5,162)	-427.2%	67,058	156,507	-57.2%

A. Net interconnection profit

- 1) Increased by 70.3% QoQ due to reflection of cumulative effect (KRW 32 billion) for new interconnection rate in 3Q
- 2) Declined by 34.9% YoY due to interconnection rate adjustment

B. Interconnection revenue

- 1) Rose by 11.7% QoQ due to reflection of cumulative effect (KRW 19 billion) for new interconnection rate in 3Q
- 2) Dropped by 6.3% YoY due to rate reduction by 14.2%

C. Interconnection expense

- 1) Declined 0.3% QoQ reflecting both cumulative effect of new interconnection rate reflected in 3Q and KRW 6 billion of settled payment for MMS
- 2) Increased by 12.7% YoY due to increased outgoing traffic for voice and messaging service

※ Normalized Interconnection revenue & expense

(In million KRW)

	06-1Q	06-2Q	06-3Q	06-4Q	QoQ
Interconnection revenue	225,595	235,548	236,565	243,161	2.8%
LM	77,752	75,644	77,636	78,634	1.3%
MM	147,843	159,904	158,929	164,527	3.5%
Interconnection expense	160,869	170,732	167,620	180,241	7.5%
LM	27,260	27,440	28,011	32,607	16.4%
MM	133,610	143,291	139,609	147,635	5.7%
Net interconnection profit	64,725	64,817	68,945	62,920	-8.7%
LM	50,492	48,204	49,625	46,028	-7.2%
MM	14,233	16,613	19,320	16,892	-12.6%

V. Marketing cost

	(In million KRW)					
	06-4Q	06-3Q	Q oQ	FY06	FY05	YoY
Sales commision	209,430	186,434	12.3%	812,095	721,154	12.6%
Sales promotion	81,490	85,710	-4.9%	280,798	130,911	114.5%
Advertising	25,397	24,526	3.6%	118,567	104,100	13.9%
Subtracting handset profit	23,901	31,646	-24.5%	78,108	17,974	334.6%
* Net marketing cost total	292,417	265,025	10.3%	1,133,353	938,191	20.8%
Net Marketing cost ratio	21.7%	20.6%	1.1% p	21.7%	18.7%	3.0% p

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

	(In million KRW)					
	06-4Q	06-3Q	Q oQ	FY06	FY05	YoY
Acquisition cost	170,714	137,093	24.5%	575,161	374,862	53.4%
Sales commission	130,335	99,987	30.4%	463,796	363,515	27.6%
Sales promotion	40,379	37,106	8.8%	111,366	11,348	881.4%
Acquisition cost/subscriber (KRW)	169,231	146,634	15.4%	153,007	107,353	42.5%
Adjusted Acquisition cost/subs.*(KRW)	127,957	115,253	11.0%	124,676	89,646	39.1%
Retention cost	120,206	135,051	-11.0%	517,733	477,203	8.5%
Sales commission	79,095	86,447	-8.5%	348,301	357,639	-2.6%
Sales promotion	41,111	48,604	-15.4%	169,433	119,564	41.7%
Advertising	25,397	24,526	3.6%	118,567	104,100	13.9%
Subtracting handset profit	23,901	31,646	-24.5%	78,108	17,974	334.6%
Net marketing cost total	292,417	265,025	10.3%	1,133,353	938,191	20.8%

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

A. Net marketing cost total

1) Net marketing cost rose by 20.8% YoY due to increased subscriber acquisition cost and retention cost

B. Subscriber acquisition cost

1) Soared by 53.4% YoY due to increased number of sign-ups and unit subscriber acquisition cost

C. Subscriber retention cost

1) Increased by 8.5% YoY because of increased number of handset replacement

D. Advertising cost

1) Rose by 13.9% YoY due to 2006 FIFA World Cup promotion

VI. Non-operating Income & Expense

	(In million KRW)					
	06-4Q	06-3Q	QoQ	FY06	FY05	YoY
Interest income	8,131	8,242	-1.3%	26,352	10,058	162.0%
Interest expense	35,115	35,025	0.3%	142,189	184,695	-23.0%
Net interest account	(26,984)	(26,783)	0.8%	(115,837)	(174,637)	-33.7%
Gain from FOREX	338	309	9.3%	7,049	14,501	-51.4%
Loss from FOREX	61	40	51.5%	1,315	593	121.8%
Net FOREX account	277	269	2.9%	5,735	13,908	-58.8%
Other non-operating income	16,932	18,495	-8.5%	83,108	133,394	-37.7%
Other non-operating expense	37,349	29,920	24.8%	127,982	186,807	-31.5%
Net others account	(20,417)	(11,425)	78.7%	(44,875)	(53,414)	-16.0%
Total non-operating income	25,401	27,047	-6.1%	116,509	157,953	-26.2%
Total non-operating expense	72,525	64,986	11.6%	271,486	372,906	-27.2%
Total net non-operating accounts	(47,124)	(37,939)	24.2%	(154,977)	(214,143)	-27.6%

A. Non-operating accounts

- 1) Net interest account improved by 33.7% YoY due to debt repayment and reduced interest expense
- 2) Net other non-operating account improved by 16% YoY due to 28.2% decrease of disposal loss of fixed asset

VII. EBITDA margin & CAPEX

	(In million KRW)					
	06-4Q	06-3Q	QoQ	FY06	FY05	YoY
D&A	284,791	284,027	0.3%	1,134,991	1,138,159	-0.3%
EBITDA	465,900	448,120	4.0%	1,803,738	1,962,955	-8.1%
EBITDA margin	34.6%	34.8%	-0.2p	34.6%	39.2%	-4.6p
CAPEX	366,972	264,876	38.5%	1,216,372	713,801	70.4%

A. EBITDA margin

- 1) Declined by 4.6%p YoY due to increased marketing cost and decreased margin from interconnection fees

B. CAPEX

- 1) CAPEX for 2006 rose by 70.4% YoY due to active investments in HSDPA

VIII. Balance Sheet

(In million KRW)

	FY06	06-3Q	FY05		FY06	06-3Q	FY05
Asset	8,068,028	8,113,846	8,200,171	Liabilities	3,757,996	3,750,327	4,013,309
Current asset	2,428,715	2,574,264	2,487,129	Current	2,027,912	1,824,289	1,726,732
Quick Asset	2,298,443	2,428,139	2,274,312	Non-current	1,730,084	1,926,038	2,286,577
Inventory	130,273	146,124	212,818				
				Equity	4,310,032	4,363,519	4,186,863
Non-current asset	5,639,313	5,539,582	5,713,042	Paid-in-capital	1,044,181	1,044,181	1,044,181
Investment	469,256	426,785	579,541	APIC	1,728,150	1,728,150	1,731,321
Tangible Asset	4,216,444	4,137,900	4,091,233	Retained earnings	1,527,869	1,585,040	1,419,196
Intangible Asset	953,612	974,897	1,042,268	Capital adjustment	9,832	6,148	(7,836)

A. Leverage

- 1) Total Debt/Equity ratio and Net Debt/Equity ratio stood at 88.5% and 18.6% respectively as of the end of 2006
- 2) Total Debt/Equity ratio and Net Debt/Equity ratio went up by 2.6%p and 6.6%p QoQ each due to decreased retained earnings after buyback and cancellation of treasury stocks
- 3) Total Debt/Equity ratio and Net Debt/Equity ratio improved by 7.4%p and 6.5%p YoY respectively owing to repayment of debt and increase of retained earnings.

* Long-term payable related to WCDMA license is excluded in calculating Net debt/Equity ratio (Net debt/Equity ratio of 32.1% if included)

[Interest-bearing debt breakdown]

(In million KRW)

	FY06	06-3Q	QoQ	FY05	YoY
Interest-bearing debt	1,677,923	1,677,609	0.0%	2,016,557	-16.8%
Payable within one year	499,764	299,798	66.7%	339,862	47.0%
Net debt	802,195	524,828	52.8%	1,050,706	-23.7%

A. Interest-bearing debt

- 1) Interest-bearing debt comprises of KRW 500 billion of current portion of long-term debt and KRW 1.18 trillion of long-term debt
- 2) Long-term payable of KRW 583 billion for WCDMA license is not included in calculating interest-bearing debt
 - Current portion of long-term payable: KRW 89 billion
 - Long-term payable: KRW 494 billion

IX. Operation highlight

A. Subscriber trend

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	06-4Q	06-3Q	06-2Q	06-1Q	05-4Q
Total No. of Subs.	12,914	12,773	12,634	12,539	12,302
KT resale subs.	2,704	2,640	2,598	2,553	2,493
Quarterly addition	1,290	1,181	1,075	1,238	993
Quarterly deactivation	1,149	1,042	980	1,002	970
Quarterly net addition	141	139	95	237	23
KTF-only (excluding resale subs.)	10,132	10,132	10,036	9,986	9,809
Quarterly addition	1,009	935	832	983	826
Quarterly deactivation	932	838	782	806	784
Quarterly net addition	77	86	50	177	42

B. Subscriber breakdown by handset type

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	06-4Q	06-3Q	06-2Q	06-1Q	05-4Q
EV-DO	5,370	5,110	4,774	4,594	4,392
VOD	2,948	2,515	2,100	1,770	1,523
1X	7,200	7,277	7,354	7,440	7,336
2G	344	386	506	504	575
Total	12,914	12,773	12,634	12,539	12,302

* Including KT resale sub.

C. ARPU

(KRW)

	06-4Q	06-3Q	06-2Q	06-1Q	05-4Q
ARPU-excluding interconnect.	30,965	30,567	30,881	30,263	30,727
ARPU-including interconnect.	38,889	38,287	38,690	37,983	39,483
Data ARPU (Net basis)	6,282	6,018	6,172	5,983	5,733
Contribution to ARPU (Net)	20%	20%	20%	20%	19%
Data ARPU (Gross basis)	7,083	6,788	6,949	7,033	6,859
Contribution to ARPU (Gross)	23%	22%	23%	23%	22%

* Excluding KT resale sub.

D. ARPU by handset type**(KRW)**

		06-4Q	06-3Q	06-2Q	06-1Q	05-4Q
1X	Data ARPU	4,713	4,571	4,620	4,501	4,597
	Total ARPU	29,841	29,923	30,485	30,336	31,216
EV-DO	Data ARPU	8,631	7,451	6,965	6,708	6,844
	Total ARPU	40,253	38,905	38,650	38,053	39,371
VOD	Data ARPU	12,981	12,006	11,416	10,706	10,588
	Total ARPU	48,554	47,414	46,576	45,016	45,750
2G	Data ARPU	2,733	3,144	3,643	2,781	2,060
	Total ARPU	10,699	12,153	13,886	13,930	13,658

* 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		(Unit : W mn)											
Descriptions	2005. 1 - 3	2005. 4 - 6	2005. 7 - 9	2005. 10 - 12	2006. 1 - 3	2006. 4 - 6	2006. 7 - 9	2006. 10 - 12					
	Amount	Amount	Amount	Amount	Amount	Amount	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	1,659,539	1,644,556					
PCS Service	1,193,317	1,230,690	1,255,351	1,283,048	1,253,824	1,292,600	1,264,146	1,321,359					
Activations	20,258	17,552	21,074	17,910	20,885	16,516	18,433	19,743					
Monthly Fee	448,122	457,641	463,635	470,278	479,672	487,050	490,804	495,955					
Airtime charge	294,107	313,653	306,952	316,273	289,724	304,308	301,087	305,186					
Value-added service	141,742	145,781	155,032	158,730	166,258	172,636	170,636	180,631					
(PCS discount)	(52,523)	(54,935)	(53,218)	(53,965)	(50,370)	(52,547)	(50,681)	(52,109)					
Interconnection	240,611	249,723	254,165	259,938	234,777	245,201	217,730	243,161					
Resale	99,157	99,557	105,994	112,109	111,173	117,669	114,425	127,033					
Fees from other services	1,842	1,718	1,716	1,775	1,705	1,767	1,710	1,759					
Other Services	10,694	10,961	11,556	12,600	15,842	21,616	24,997	25,575					
Handset rental	120	68	82	192	134	126	124	130					
Overseas call	5,597	5,742	5,639	6,050	6,531	6,316	5,126	4,747					
M-commerce	2,186	2,151	2,168	2,121	2,330	2,365	2,403	2,767					
International Roaming	1,074	1,417	1,607	2,289	1,841	2,373	3,485	4,347					
Other overseas service	249	295	231	96	105	88	59	150					
K-merce Lottery	60	55	67	67	73	71	41	15					
M-Ad.	670	668	889	1,027	1,293	807	1,251	969					
Credit card service	335	330	639	369	565	1,572	1,082	896					
MNP port-out service	9	9	9	9	11	11	13	14					
Professional Sports	394	226	225	381	383	225	225	343					
Rental Income					2,577	7,662	5,504	7,031					
Others							5,684	4,165					
Handset	265,155	216,582	305,378	256,457	294,331	325,042	370,397	297,623					
Handset	265,634	217,331	306,493	257,371	295,312	326,468	371,741	298,600					
(Handset discount)	(480)	(749)	(1,115)	(914)	(982)	(1,426)	(1,344)	(977)					
II . Operating Expense	1,279,030	1,236,006	1,374,290	1,337,668	1,393,128	1,486,582	1,495,447	1,463,447					
Salary & Bonus	43,679	33,962	41,919	44,216	41,927	35,786	42,600	39,181					
Fees for temporary employee	260	250	191	190	155	151	197	165					
Out-sourcing employee	2,309	1,680	2,210	1,734	2,611	1,941	2,271	1,843					
Retirement	5,214	2,627	3,992	3,992	4,384	2,998	2,803	3,931					
Fringe benefits & others	6,816	7,455	6,899	7,736	7,319	7,728	9,091	8,811					
Rent	27,118	28,361	28,612	29,937	29,190	33,997	35,517	36,091					
Lease	15,327	15,327	15,327	15,327	15,327	15,327	1,947	-					
Service fee & commission	95,196	99,027	100,066	105,916	101,370	109,836	108,171	113,115					
Depreciations	261,213	259,218	258,878	258,452	257,963	257,933	258,793	259,395					
Amortizations	24,503	24,541	25,665	25,688	25,080	25,197	25,235	25,396					
Tax & dues	13,519	7,467	14,173	9,040	11,584	26,990	4,368	12,073					
Fare	1,234	2,308	2,214	2,194	1,413	1,968	2,042	1,977					
Insurance	381	356	371	7	627	219	487	149					
Interconnections	142,345	149,985	153,761	157,069	154,465	163,966	180,790	180,241					
Overseas call cost	1,843	2,035	2,275	3,869	4,835	4,708	3,939	3,173					
Leased line cost	91,667	88,976	90,286	89,726	86,211	87,829	88,973	93,116					
CP info usage charge	742	893	903	797	4,544	6,659	8,589	10,983					
Universal service obligations sh	10,000	10,000	10,000	16,545	5,000	2,048	5,000	23					
Vehicles	489	581	619	594	613	627	664	641					
Educations	1,711	1,871	2,214	2,535	2,129	2,526	2,054	2,950					
Ordinary R&D	475	1,130	3,401	4,098	1,069	1,296	1,333	2,480					
Awards	1,035	970	1,351	417	132	145	1,552	452					
Entertainment	427	494	498	509	418	504	529	549					
Sales commission	167,163	174,359	196,173	183,459	225,862	190,370	186,434	209,430					
Sales promotions	28,345	30,371	31,768	40,427	26,244	87,354	85,710	81,495					
Advertisement	25,261	27,524	24,685	26,630	24,674	43,970	24,526	25,397					
Bad Debt	9,781	5,667	9,434	29,400	22,516	24,525	21,261	20,874					
Travel & Car fare	1,387	1,449	1,296	1,787	1,780	1,548	1,217	1,568					
Utilities	12,097	12,117	16,552	13,768	13,813	13,596	18,487	15,943					
Communications	7,911	7,574	7,420	7,359	7,268	6,748	6,581	6,588					
Repair & Maintenance	13,087	18,754	18,779	23,717	17,569	18,499	19,178	23,442					
Office supplies	2,802	2,894	2,454	3,254	2,808	2,573	2,516	2,602					
Other researchs	805	2,334	1,358	2,968	1,054	1,793	2,018	3,331					
Book & Printing	167	285	175	228	111	149	191	381					
Conference & managerial event	1,647	1,756	1,790	2,011	1,682	1,749	1,631	1,982					
Cost of Handset sold	261,073	211,409	297,952	255,164	289,385	307,426	338,751	273,722					
Others	0	0	0	0	-	-	-	-					

KTF

(Unit : W mn)

Descriptions	2005. 1 ~ 3	2005. 4 ~ 6	2005. 7 ~ 9	2005. 10 ~ 12	2006. 1 ~ 3	2006. 4 ~ 6	2006. 7 ~ 9	2006. 10 ~ 12
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
III. Operating Income	190,136	222,227	197,996	214,437	170,869	152,676	164,092	181,109
IV. Non-operating gains	91,927	20,884	18,927	26,216	39,576	24,486	27,047	22,357
Interest	1,926	2,210	2,525	3,397	5,402	4,577	8,242	8,131
Disposition of ST sales securities	0	0	477	8,236	2,649	2,859	2,626	14,938
Evaluation of ST sales securities	0	300	-147	(56)	1,414	1,092	769	(3,275)
Disposition of Available-for-sale	7,735	54	-54	(7,734)	8,405	0	0	(8,405)
Evaluation of Available-for-sale	0	57	-57	(0)	3,312	4,298	4,883	0
Dividend	301	-	-	0	240	312	0	0
Rent	1,294	2,663	1,658	3,609	0	0	0	0
Equity method evaluation	892	(178)	754	2,045	70	551	2,599	629
FX transactions	178	6,791	178	64	3,095	1,104	23	1,350
FX translations	7,136	(3,228)	207	3,175	1,921	282	287	(1,014)
Disposition of Investment	284	-	110	0	0	0	0	0
Disposition of tangible asset	57,238	74	66	1,049	67	87	47	578
Disposition of Intangible asset	0	16	-3	142	6	0	0	102
Collection of bad debt	0	61	0	200	0	0	0	0
Gain from Derivatives	0	0	0	(0)	0	0	0	1,494
Tax refund	2,099	0	0	566	5,483	0	0	0
Others	5,594	4,750	6,677	4,093	859	2,570	1,601	2,605
Miscellaneous gains	7,250	7,301	6,535	7,433	6,652	6,753	5,970	5,225
V. Non-operating losses	107,310	75,001	71,591	118,193	56,994	76,982	64,986	69,481
Interest	48,767	48,439	44,973	42,516	36,778	35,271	35,025	35,115
FX transactions	110	29	169	45	83	565	37	621
FX translations	150	29	121	181	416	150	4	562
Donation	5,221	4,573	4,702	4,776	4,839	5,073	4,888	6,779
Equity method evaluation	314	2,215	(1,474)	385	8,865	4,722	-	10,973
Disposition of ST sales securities	0	0	0	0	-	-	81	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	-	-	586	-
Disposition of Tangible asset	36,433	9,426	16,189	54,897	1,896	4,640	20,262	15,998
Disposition of Intangible asset	3	4	8	33	29	10	8	19
Loss from derivatives	0	7,948	0	0	-	477	-	938
Evaluation loss from derivatives	5,119	(4,251)	221	1,252	938	-	-	938
Loss sharing for overseas call	0	0	0	0	-	-	-	-
Others	642	(17)	477	136	-	17	-	20,352
Loss from disaster	0	0	0	0	-	-	-	-
Selling Trade receivable-ABS	2,974	2,965	2,947	2,975	2,967	2,973	2,949	1,992
Other bad debt	0	-	-	-	-	388	1,146	139
Miscellaneous losses	125	125	123	210	183	22,695	-	-
VI. Ordinary Income	174,752	168,110	145,331	122,460	153,452	100,180	126,154	133,985
VII. Pretax Income	174,752	168,110	145,331	122,460	153,452	100,180	126,154	133,985
VIII. Tax	17,969	17,609	15,231	12,841	28,153	19,598	28,046	26,272
IX. Net Income	156,784	150,500	130,100	109,619	125,299	80,582	98,108	107,713

Appendix 2 : Balance Sheet

Balance Sheet

	1Q-2006	3Q-2006	1Q-2005		1Q-2006	3Q-2006	1Q-2005
Assets	8,068,028	8,113,846	8,200,171	Liabilities	3,757,996	3,750,327	4,013,309
Current	2,428,715	2,574,264	2,487,129	Current	2,027,912	1,824,289	1,726,732
Quick	2,298,443	2,428,139	2,274,312	Trade payable	304,737	340,331	293,889
Cash	584,157	260,698	287,823	Other payable	832,230	742,445	715,332
ST Securities	90,000	640,000	430,000	Short-term borrowings	-	-	-
Available-for-sale Securities	201,571	252,083	248,028	Advances from customer	30,239	35,469	32,967
Hold-to-maturity	-	33,749	-	Withholdings	98,477	134,184	101,268
Trade receivables	1,200,645	966,453	1,064,561	Accrued expenses	122,645	124,637	136,719
Other receivables	75,068	104,693	106,259	Current portion of LT debt	588,880	395,286	339,862
Short-term loans	9,908	10,238	7,777	Unpaid income tax	43,904	51,937	93,658
Advanced payment	19,955	19,397	23,153	Unpaid Dividends	6,800	-	-
Prepaid expenses	13,496	11,856	12,472	Others	-	-	13,037
Accrued income	3,256	4,386	2,330				
Deferred tax	100,377	124,577	91,899				
Others	8	8	8				
Inventory	130,273	146,124	212,818				
Non-Current	5,639,313	5,539,582	5,713,042	Non-Current	1,730,084	1,926,038	2,286,577
Investment	469,256	426,785	579,541	Bonds	1,178,159	1,377,811	1,676,695
Long-term financial investment	16	16	16	Long-term borrowings	-	-	-
Investment securities	29,604	25,622	14,799	Long-term payables	493,877	488,878	559,540
Equity method security	86,373	67,937	77,285	Others	58,048	59,349	50,342
Hold-to-maturity	-	-	104,305				
Long-term Receivables	53,801	63,311	55,958				
Long-term loans	14,966	18,740	36,591				
Guarantee deposit	209,400	208,473	219,473				
Deferred income tax	37,145	26,668	58,124				
Derivatives	1,494	-	-				
Others	36,457	16,018	12,990				
Tangible	4,216,444	4,137,900	4,091,233	Equity	4,310,032	4,363,519	4,186,863
Land	119,301	119,254	119,546	Capital Stock	1,044,181	1,044,181	1,044,181
Buildings	270,126	268,359	276,570	APIC	1,728,150	1,728,150	1,731,321
Structure	72,099	71,804	74,086	Retained Earnings	1,527,869	1,585,040	1,419,196
Equipment & Machinery	3,481,712	3,417,920	3,372,016	Capital Adjustment	9,832	6,148	(7,836)
Vehicles	1,751	1,816	2,638				
Construction in progress	94,854	83,127	40,577				
Others	176,601	175,620	205,801				
Intangible	953,612	974,897	1,042,268				