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## **FY2007 2Q Earnings Release**

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# **KT Freetel Co., Ltd.**

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## I. Financial Highlights

### [Summary of income statement & financial ratios]

(In million KRW)	2007-2Q	2007-1Q	QoQ	2007-2Q	2006-2Q	YoY
Service revenue	1,377,236	1,333,420	3.3%	1,377,236	1,314,216	4.8%
Service cost	1,285,946	1,232,768	4.3%	1,285,946	1,161,540	10.7%
<b>Operating income</b>	<b>91,289</b>	<b>100,652</b>	<b>-9.3%</b>	<b>91,289</b>	<b>152,676</b>	<b>-40.2%</b>
<b>EBITDA</b>	<b>378,918</b>	<b>384,112</b>	<b>-1.4%</b>	<b>378,918</b>	<b>435,806</b>	<b>-13.1%</b>
<b>Net non-operating accounts</b>	<b>(28,145)</b>	<b>(21,325)</b>	<b>32.0%</b>	<b>(28,145)</b>	<b>(52,496)</b>	<b>-46.4%</b>
Non-operating income	19,150	27,332	-29.9%	19,150	24,485	-21.8%
Non-operating expense	47,295	48,657	-2.8%	47,295	76,981	-38.6%
<b>Income before taxes</b>	<b>63,145</b>	<b>79,326</b>	<b>-20.4%</b>	<b>63,145</b>	<b>100,180</b>	<b>-37.0%</b>
Taxes	12,010	2,254	432.7%	12,010	19,598	-38.7%
<b>Net income</b>	<b>51,135</b>	<b>77,072</b>	<b>-33.7%</b>	<b>51,135</b>	<b>80,582</b>	<b>-36.5%</b>

### Financial ratios

	2007-2Q	2007-1Q	QoQ	2007-2Q	2006-2Q	YoY
Marketing cost ratio	29.9%	27.7%	2.2%p	29.9%	23.1%	6.8%p
OP margin	6.6%	7.5%	-0.9%p	6.6%	11.6%	-5.0%p
EBITDA margin	27.5%	28.8%	-1.3%p	27.5%	33.2%	-5.6%p
Net income margin	3.7%	5.8%	-2.1%p	3.7%	6.1%	-2.4%p
Effective income tax rate	19.0%	2.8%	16.2%p	19.0%	19.6%	-0.5%p
Net debt/equity ratio	19.4%	19.4%	0.0%p	19.4%	18.1%	1.3%p
(If 3G license payable included)	31.1%	31.1%	0.0%p	31.1%	31.5%	-0.4%p
Total debt/equity ratio	82.9%	89.7%	-6.8%p	82.9%	86.3%	-3.4%p

#### Service revenue

- Increased by 3.3% QoQ due to the growth of subscribers and usage
- Rising subscribers and data revenue(5.4%) contributed to 4.8% YoY growth

#### EBITDA margin (including handset profit)

- Slightly declined QoQ due to increased net marketing cost after adjusting profits from handset sales
- Escalated marketing costs(35.4% YoY) and decreased profits from interconnection mainly caused YoY EBITDA margin erosion

#### Taxes

- Taxes jumped by 432.7% QoQ mainly due to fallen tax credits resulting from declined investment in WCDMA networks and increased tax burden from fines(KRW 5.8 Billion) levied by KCC in 1Q which are not tax deductible

#### Net income

- Weakened operating income and increased taxes caused QoQ net income decline

## II. Sales

(In million KRW)	2007-2Q	2007-1Q	QoQ	2007-2Q	2006-2Q	YoY
<b>Service revenue</b>	<b>1,377,236</b>	<b>1,333,420</b>	<b>3.3%</b>	<b>1,377,236</b>	<b>1,314,216</b>	<b>4.8%</b>
<b>Voice revenue</b>	<b>766,699</b>	<b>745,716</b>	<b>2.8%</b>	<b>766,699</b>	<b>740,699</b>	<b>3.5%</b>
Monthly base fee	448,425	447,362	0.2%	448,425	434,261	3.3%
Airtime charge	319,800	297,345	7.6%	319,800	304,308	5.1%
Value added service	36,946	40,009	-7.7%	36,946	44,811	-17.6%
Other voice revenue	12,586	10,804	16.5%	12,586	9,607	31.0%
(Voice discount)	(51,058)	(49,805)	2.5%	(51,058)	(52,289)	-2.4%
<b>Data revenue</b>	<b>195,274</b>	<b>189,056</b>	<b>3.3%</b>	<b>195,274</b>	<b>185,233</b>	<b>5.4%</b>
Monthly base fee	58,714	55,001	6.7%	58,714	52,788	11.2%
Messaging (SMS,MMS)	61,040	56,287	8.4%	61,040	54,966	11.1%
Wireless data usage	48,954	51,197	-4.4%	48,954	57,483	-14.8%
Contents	20,358	21,076	-3.4%	20,358	15,118	34.7%
Others	6,208	5,494	13.0%	6,208	4,878	27.3%
<b>Interconnection revenue</b>	<b>249,276</b>	<b>234,061</b>	<b>6.5%</b>	<b>249,276</b>	<b>245,201</b>	<b>1.7%</b>
<b>Resale revenue</b>	<b>130,670</b>	<b>120,410</b>	<b>8.5%</b>	<b>130,670</b>	<b>117,669</b>	<b>11.0%</b>
<b>Other revenue</b>	<b>35,318</b>	<b>44,177</b>	<b>-20.1%</b>	<b>35,318</b>	<b>25,414</b>	<b>39.0%</b>
Subscription	25,391	25,536	-0.6%	25,391	16,516	53.7%
Other service revenue	9,927	18,641	-46.7%	9,927	8,899	11.6%
<b>Handset sales</b>	<b>427,617</b>	<b>431,904</b>	<b>-1.0%</b>	<b>427,617</b>	<b>325,042</b>	<b>31.6%</b>
<b>Total operating revenue</b>	<b>1,804,853</b>	<b>1,765,324</b>	<b>2.2%</b>	<b>1,804,853</b>	<b>1,639,258</b>	<b>10.1%</b>

### Voice revenue

- Monthly base fee increased by 3.3% YoY primarily due to steady subscriber growth
- Airtime charge rose by 7.6% QoQ due to increased traffic and subscribers base
- VAS revenue dropped by 7.7% QoQ and 17.6% YoY mainly caused by decreased revenue from Caller ID service
- Other voice revenue rose by 16.5% QoQ and 31% YoY because of higher international calls and roaming incomes

### Data revenue

- Messaging revenue rose by 8.4% QoQ and 11.1% YoY owing to steadily growing usages of messaging services
- Wireless data usage revenue fell by 14.8% YoY primarily because of 30% data tariff cut effective from February 2007
- Other data revenue rose by 13% QoQ mainly due to increased revenue from mobile commerce and mobile lottery

### Interconnection revenue

- Interconnection revenue grew by 6.5% QoQ due to increased incoming traffic

### Resale revenue

- Resale revenue increased by 8.5% QoQ due to subscribers growth

### Handset sales

- Increased number of sign-ups contributed most of strong 31.6% YoY growth

### III. Service cost

(In million KRW)	2007-2Q	2007-1Q	QoQ	2007-2Q	2006-2Q	YoY
Labor expense	54,735	64,461	-15.1%	54,735	51,275	6.7%
Commission	118,906	108,948	9.1%	118,906	110,244	7.9%
Interconnection	183,907	167,092	10.1%	183,907	163,966	12.2%
International call	4,055	3,554	14.1%	4,055	4,708	-13.9%
Contents fee	12,621	11,837	6.6%	12,621	6,659	89.6%
Rent	39,347	35,889	9.6%	39,347	33,997	15.7%
Depreciation & Amortization	287,628	283,460	1.5%	287,628	283,130	1.6%
Leased line expense	98,593	97,386	1.2%	98,593	87,829	12.3%
Utility	17,165	14,793	16.0%	17,165	13,187	30.2%
Repair & Maintenance	17,308	15,426	12.2%	17,308	18,499	-6.4%
Lease expense	-	-	-	-	15,327	-100.0%
Marketing expense	434,498	431,859	0.6%	434,498	321,693	35.1%
Bad debt expense	7,586	21,701	-65.0%	7,586	24,525	-69.1%
Tax & Dues	7,105	13,848	-48.7%	7,105	26,990	-73.7%
USO	5,000	5,000	0.0%	5,000	-2,048	N/A
Others	20,231	20,205	0.1%	20,231	19,176	5.5%
<b>Total service cost</b>	<b>1,308,685</b>	<b>1,295,461</b>	<b>1.0%</b>	<b>1,308,685</b>	<b>1,179,156</b>	<b>11.0%</b>
(Deducting handset profit)	22,739	62,693	-63.7%	22,739	17,616	29.1%
<b>Net service cost total</b>	<b>1,285,946</b>	<b>1,232,768</b>	<b>4.3%</b>	<b>1,285,946</b>	<b>1,161,540</b>	<b>10.7%</b>

#### Labor expense

- Decreased by 15.1% QoQ due to bonus payment and natural salary increase related with promotion in 1Q

#### Interconnection expense

- Rose by 10.1% QoQ and 12.2% YoY due to increased outgoing traffic

#### Commission

- Rose by 9.1% QoQ and 7.9% YoY mainly due to increased 'Frequency usages fee' resulting from enlarged subscribers base

#### International calls

- Increased by 14.1% QoQ due to strong international call traffics and expanding usages of international prepaid card services

#### Rent

- Rose by 15.7% YoY because of increased numbers of WCDMA networks

#### Leased line expense

- Increased by 12.3% YoY due to invigorated investment in WCDMA equipment

#### Tax & Dues

- Decreased by 48.7% QoQ because of KRW 5.8 Billion of fines from KCC in 1Q

## IV. Interconnection revenue & expense

In million KRW	2007-2Q	2007-1Q	QoQ	2007-2Q	2006-2Q	YoY
<b>Interconnection revenue</b>	<b>249,276</b>	<b>234,061</b>	<b>6.5%</b>	<b>249,276</b>	<b>245,201</b>	<b>1.7%</b>
LM	76,257	79,268	-3.8%	76,257	79,430	-4.0%
MM	173,019	154,793	11.8%	173,019	165,771	4.4%
<b>Interconnection expense</b>	<b>183,907</b>	<b>167,092</b>	<b>10.1%</b>	<b>183,907</b>	<b>163,966</b>	<b>12.2%</b>
LM	31,006	29,369	5.6%	31,006	27,440	13.0%
MM	152,901	137,723	11.0%	152,901	136,526	12.0%
<b>Net interconnection profit</b>	<b>65,369</b>	<b>66,969</b>	<b>-2.4%</b>	<b>65,369</b>	<b>81,235</b>	<b>-19.5%</b>
LM	45,251	49,899	-9.3%	45,251	51,990	-13.0%
MM	20,118	17,070	17.9%	20,118	29,245	-31.2%

### Interconnection revenue

- Rose by 6.5% QoQ due to increased incoming traffic

### Interconnection expense

- Rose by 10.1% QoQ due to increased outgoing traffic

### Net interconnection profit

- Slightly declined QoQ mainly due to decreased net profits from LM interconnection
- Dropped by 19.5% YoY as 2Q 2006 figures were not reflecting rate adjustments which occurred in 3Q 2006 (Increased by 0.9% YoY if normalized)

[Normalized interconnection revenue & expense]

In million KRW	2007-2Q	2007-1Q	QoQ	2007-2Q	2006-2Q	YoY
<b>Interconnection revenue</b>	<b>249,276</b>	<b>234,061</b>	<b>6.5%</b>	<b>249,276</b>	<b>235,548</b>	<b>5.8%</b>
LM	76,257	79,268	-3.8%	76,257	75,644	0.8%
MM	173,019	154,793	11.8%	173,019	159,904	8.2%
<b>Interconnection expense</b>	<b>183,907</b>	<b>167,092</b>	<b>10.1%</b>	<b>183,907</b>	<b>170,732</b>	<b>7.7%</b>
LM	31,006	29,369	5.6%	31,006	27,440	13.0%
MM	152,901	137,723	11.0%	152,901	143,291	6.7%
<b>Net interconnection profit</b>	<b>65,369</b>	<b>66,969</b>	<b>-2.4%</b>	<b>65,369</b>	<b>64,817</b>	<b>0.9%</b>
LM	45,251	49,899	-9.3%	45,251	48,204	-6.1%
MM	20,118	17,070	17.9%	20,118	16,613	21.1%

## V. Marketing cost

(In million KRW)	2007-2Q	2007-1Q	QoQ	2007-2Q	2006-2Q	YoY
Sales commission	276,724	319,662	-13.4%	276,724	190,370	45.4%
Sales promotion	122,925	82,171	49.6%	122,925	87,354	40.7%
Advertising	34,850	29,967	16.3%	34,850	43,970	-20.7%
Subtracting handset profit	22,739	62,693	-63.7%	22,739	17,616	29.1%
<b>*Net marketing cost total</b>	<b>411,759</b>	<b>369,107</b>	<b>11.6%</b>	<b>411,759</b>	<b>304,077</b>	<b>35.4%</b>
<b>Net marketing cost ratio</b>	<b>29.9%</b>	<b>27.7%</b>	<b>2.2%p</b>	<b>29.9%</b>	<b>23.1%</b>	<b>6.8%p</b>

\* Net marketing cost: excluding handset profit to align with peers

(In million KRW)	2007-2Q	2007-1Q	QoQ	2007-2Q	2006-2Q	YoY
<b>Acquisition cost</b>	<b>290,045</b>	<b>285,655</b>	<b>1.5%</b>	<b>290,045</b>	<b>127,551</b>	<b>127.4%</b>
Sales commission	194,405	235,597	-17.5%	194,405	96,846	100.7%
Sales promotion	95,640	50,058	91.1%	95,640	30,705	211.5%
<b>Retention cost</b>	<b>109,604</b>	<b>116,177</b>	<b>-5.7%</b>	<b>109,604</b>	<b>150,172</b>	<b>-27.0%</b>
Sales commission	82,318	84,065	-2.1%	82,318	93,524	-12.0%
Sales promotion	27,285	32,112	-15.0%	27,285	56,648	-51.8%
<b>Advertising</b>	<b>34,850</b>	<b>29,967</b>	<b>16.3%</b>	<b>34,850</b>	<b>43,970</b>	<b>-20.7%</b>
Subtracting handset profit	22,739	62,693	-63.7%	22,739	17,616	29.1%
<b>Net marketing cost total</b>	<b>411,759</b>	<b>369,107</b>	<b>11.6%</b>	<b>411,759</b>	<b>304,077</b>	<b>35.4%</b>

### Net marketing cost total

- Rose by 11.6% QoQ due to increased subscriber acquisition cost and advertising cost

### Subscriber acquisition cost

- Slightly increased QoQ due to increased number of sign-ups (12%)

### Subscriber retention cost

- Declined by 5.7% QoQ because of decreased number of handset replacements (50.3%)

### Advertising cost

- Rose by 16.3% QoQ due to increased exposures to media related with HSDPA marketing

## VI. Non-operating Income & Expense

(In million KRW)	2007-2Q	2007-1Q	QoQ	2007-2Q	2006-2Q	YoY
Interest income	5,538	8,560	-35.3%	5,538	4,577	21.0%
Interest expense	31,989	34,621	-7.6%	31,989	35,271	-9.3%
<b>Net interest account</b>	<b>(26,451)</b>	<b>(26,061)</b>	<b>1.5%</b>	<b>(26,451)</b>	<b>(30,695)</b>	<b>-13.8%</b>
Gain from FOREX	129	21	503.0%	129	1,385	-90.7%
Loss from FOREX	-107	269	N/A	-107	713	N/A
<b>Net FOREX account</b>	<b>235</b>	<b>(248)</b>	<b>N/A</b>	<b>235</b>	<b>671</b>	<b>-64.9%</b>
Other non-operating income	13,483	18,750	-28.1%	13,483	18,523	-27.2%
Other non-operating expense	15,413	13,766	12.0%	15,413	40,996	-62.4%
<b>Net others account</b>	<b>(1,929)</b>	<b>4,984</b>	<b>N/A</b>	<b>(1,929)</b>	<b>(22,473)</b>	<b>-91.4%</b>
Total non-operating income	19,150	27,332	-29.9%	19,150	24,485	-21.8%
Total non-operating expense	47,295	48,657	-2.8%	47,295	76,981	-38.6%
<b>Total net non-operating accounts</b>	<b>(28,145)</b>	<b>(21,325)</b>	<b>32.0%</b>	<b>(28,145)</b>	<b>(52,496)</b>	<b>-46.4%</b>

### Non-operating accounts

- Aggravated by 32% QoQ mainly due to decreased gains from both interest account and equity method

## VII. EBITDA margin & CAPEX

(In million KRW)	2007-2Q	2007-1Q	QoQ	2007-2Q	2006-2Q	YoY
D&A	287,628	283,460	1.5%	287,628	283,130	1.6%
Operating income	91,289	100,652	-9.3%	91,289	152,676	-40.2%
<b>EBITDA</b>	<b>378,918</b>	<b>384,112</b>	<b>-1.4%</b>	<b>378,918</b>	<b>435,806</b>	<b>-13.1%</b>
EBITDA margin	27.5%	28.8%	-1.3%p	27.5%	33.2%	-5.7%p
<b>CAPEX</b>	<b>315,890</b>	<b>333,946</b>	<b>-5.4%</b>	<b>315,890</b>	<b>309,564</b>	<b>2.0%</b>

### EBITDA margin

- Declined by 1.4%p QoQ mainly due to increased marketing cost

### CAPEX

- Rose by 2% YoY due to active investment in HSDPA

## VIII. Balance Sheet

(In million KRW)	2007-2Q	2007-1Q	2006-2Q	(In million KRW)	2007-2Q	2007-1Q	2006-2Q
<b>Asset</b>	<b>7,898,440</b>	<b>8,094,804</b>	<b>7,948,108</b>	<b>Liabilities</b>	<b>3,579,613</b>	<b>3,827,797</b>	<b>3,681,486</b>
<b>Current asset</b>	<b>2,156,393</b>	<b>2,384,028</b>	<b>2,362,454</b>	<b>Current</b>	2,261,031	2,511,428	1,762,817
<b>Quick asset</b>	1,962,213	2,260,378	2,182,744	<b>Non-current</b>	1,318,582	1,316,369	1,918,669
<b>Inventory</b>	194,179	123,650	179,680				
<b>Non-current asset</b>	<b>5,742,048</b>	<b>5,710,775</b>	<b>5,585,684</b>	<b>Equity</b>	<b>4,318,828</b>	<b>4,267,007</b>	<b>4,266,621</b>
<b>Investment</b>	190,349	185,428	124,133	<b>Paid-in capital</b>	1,044,181	1,044,181	1,044,181
<b>Tangible asset</b>	4,327,707	4,279,379	4,152,542	<b>APIC</b>	1,728,150	1,728,150	1,731,271
<b>Intangible asset</b>	917,481	939,024	998,817	<b>Capital adjustment</b>	3,239	3,239	3,037
<b>Other non-CA</b>	306,512	306,944	310,192	<b>*AOC income/loss</b>	4,566	3,880	1,199
				<b>Retained earnings</b>	1,538,692	1,487,557	1,486,932

\*AOC income/loss: Accumulated Other Comprehensive income/loss

### Leverage

- Total Debt/Equity ratio and Net Debt/Equity ratio stood at 82.9% and 19.4% respectively
- Total Debt/Equity ratio improved by 6.8%p QoQ due to repayment of debt(KRW 300 billion) and increased retained earnings
- Net Debt/Equity ratio stayed the same QoQ due to decreased cash equivalents
- Net Debt/Equity ratio slightly increased YoY due to decreased cash equivalents

\* Long-term payable related to WCDMA license is excluded in calculating Net Debt/Equity ratio (31.1% if included)

### [ Interest-bearing debt breakdown]

(In million KRW)	2007-2Q	2007-1Q	QoQ	2006-2Q	YoY
Interest-bearing debt	1,378,513	1,678,239	-17.9%	1,677,300	-17.8%
Payable within one year	519,757	819,621	-36.6%	299,717	73.4%
<b>Net debt</b>	<b>837,772</b>	<b>826,253</b>	<b>1.4%</b>	<b>773,751</b>	<b>8.3%</b>

### Interest-bearing debt

- Interest-bearing debt comprises of KRW 520 billion of current portion of long-term debt and KRW 859 billion of long-term debt
- Long-term payable of KRW 504 billion for WCDMA license is not included in calculating interest-bearing debt
  - Current portion of long-term payable: KRW 106 billion
  - Long-term payable: KRW 398 billion



## IX. Operation highlight

### A. Subscriber trend

(‘000)	2007-2Q	2007-1Q	2006-4Q	2006-3Q	2006-2Q
<b>Total number of subs.</b>	<b>13,512</b>	<b>13,156</b>	<b>12,914</b>	<b>12,773</b>	<b>12,634</b>
KT resale subs.	2,945	2,807	2,704	2,640	2,598
Quarterly addition	1,829	1,625	1,290	1,181	1,075
Quarterly deactivation	1,474	1,382	1,149	1,042	980
Quarterly net addition	355	242	141	139	95
<b>KTF-only (excluding resale subs.)</b>	<b>10,567</b>	<b>10,350</b>	<b>10,210</b>	<b>10,132</b>	<b>10,036</b>
Quarterly addition	1,405	1,255	1,009	935	832
Quarterly deactivation	1,188	1,115	932	838	782
Quarterly net addition	217	140	77	96	50

### B. Subscriber breakdown by handset type

(‘000)	2007-2Q	2007-1Q	2006-4Q	2006-3Q	2006-2Q
WCDMA	941	140			
EVDO	5,779	5,739	5,370	5,110	4,774
1X	6,543	7,024	7,200	7,277	7,354
2G	249	253	344	386	506
<b>Total</b>	<b>13,512</b>	<b>13,156</b>	<b>12,914</b>	<b>12,773</b>	<b>12,634</b>

\* Including KT resale sub.

### C. ARPU

(KRW)	2007-2Q	2007-1Q	2006-4Q	2006-3Q	2006-2Q
ARPU-excluding interconnect.	30,688	30,382	30,965	30,567	30,881
ARPU-including interconnect.	38,488	38,134	38,903	38,264	38,690
Data ARPU (Net basis)	6,199	6,141	6,284	6,018	6,172
Contribution to ARPU (Net)	20%	20%	20%	20%	20%
Data ARPU (Gross basis)	6,911	6,925	7,085	6,788	6,949
Contribution to ARPU (Gross)	23%	23%	23%	22%	23%

\* Based on KTF only subs (excluding KT resale subs).

## # Appendix 1 : Income Statements

(KRW mn)	'06-2Q	'06-3Q	'06-4Q	'07-1Q	'07-2Q
<b>Operating Revenue</b>	<b>1,639,258</b>	<b>1,659,539</b>	<b>1,644,556</b>	<b>1,765,324</b>	<b>1,804,853</b>
Voice	740,699	743,817	752,221	745,716	766,699
Data	185,233	182,333	192,189	189,056	195,274
Interconnection	245,201	217,730	243,161	234,061	249,276
Resale	117,669	114,425	127,033	120,410	130,670
Others	25,414	30,837	32,329	44,177	35,318
Handset	325,042	370,397	297,623	431,904	427,617
<b>Operating Expense</b>	<b>1,486,582</b>	<b>1,495,447</b>	<b>1,463,447</b>	<b>1,664,672</b>	<b>1,713,563</b>
Labor expense	51,275	60,569	57,333	64,461	54,735
Commission paid	110,244	108,883	113,991	108,948	118,906
Interconnection	163,966	180,790	180,241	167,092	183,907
International call	4,708	3,939	3,173	3,554	4,055
CP info usage charge	6,659	8,589	10,983	11,837	12,621
Rent	33,997	35,517	36,091	35,889	39,347
D&A	283,130	284,027	284,791	283,460	287,628
Leased line cost	87,829	88,973	93,116	97,386	98,593
Utilities	13,187	17,774	15,066	14,793	17,165
Repair&Maintenance	18,499	19,178	23,442	15,426	17,308
Lease	15,327	1,947	0	0	0
Marketing	321,693	296,670	316,318	431,859	434,498
Bad Debt	24,525	21,261	20,874	21,701	7,586
Taxe & Dues	26,990	4,368	12,073	13,848	7,105
USO	(2,048)	5,000	(23)	5,000	5,000
Others	19,176	19,210	22,255	20,205	20,231
Cost of Handset sold	307,426	338,751	273,722	369,211	404,878
<b>Operating Income</b>	<b>152,676</b>	<b>164,092</b>	<b>181,109</b>	<b>100,652</b>	<b>91,289</b>
<b>Non-Operating Gains</b>	<b>24,485</b>	<b>27,047</b>	<b>25,401</b>	<b>27,332</b>	<b>19,150</b>
Interest income	4,577	8,242	8,131	8,560	5,538
Disposition of Available-for-sale securities	12	0	1,158	2,414	1,095
Gain from FOREX	1,385	310	338	21	129
Equity method evaluation	551	2,599	3,672	8,532	4,036
Others	17,961	15,896	12,102	7,804	8,353
<b>Non-Operating Losses</b>	<b>76,981</b>	<b>64,986</b>	<b>72,525</b>	<b>48,657</b>	<b>47,295</b>
Interest	35,271	35,025	35,115	34,621	31,989
Loss from FOREX	713	40	61	269	(107)
Donations	5,073	4,888	6,779	3,881	3,891
Equity method evaluation	4,722	0	(7,931)	128	5,022
Disposition of Tangible asset	4,640	20,262	15,998	9,250	5,750
Others	26,561	4,770	22,503	507	750
<b>Income before Taxes</b>	<b>100,180</b>	<b>126,154</b>	<b>133,985</b>	<b>79,326</b>	<b>63,145</b>
Income Tax	19,598	28,046	26,272	2,254	12,010
<b>Net Income</b>	<b>80,582</b>	<b>98,108</b>	<b>107,713</b>	<b>77,072</b>	<b>51,135</b>

## # Appendix 2 : Balance Sheet

(KRW mn)

	2Q-2007	1Q-2007	2Q-2006		2Q-2007	1Q-2007	2Q-2006
<b>Assets</b>	<b>7,898,440</b>	<b>8,094,804</b>	<b>7,948,108</b>	<b>Liabilities</b>	<b>3,579,613</b>	<b>3,827,797</b>	<b>3,681,486</b>
Current	2,156,393	2,384,028	2,362,424	Current	2,261,031	2,511,428	1,762,817
Quick Asset	1,962,213	2,260,378	2,182,744	Trade payable	571,576	406,687	268,519
Cash	404,354	580,591	212,034	Other payable	799,916	870,061	770,522
ST Securities	50,000	40,000	380,000	Short-term borrowings	-	-	-
Available-for-sale Securities	86,388	231,395	311,514	Advances from customer	15,119	26,654	31,054
Hold-to-maturity	-	-	52,458	Withholdings	99,384	113,398	115,853
Trade receivables	1,190,212	1,177,840	947,725	Accrued expenses	107,924	91,720	127,248
Other receivables	67,034	55,850	117,131	Current portion of LT debt	626,161	924,781	386,773
Short-term loans	7,383	8,755	10,494	Unpaid income tax	33,963	70,618	55,052
Advanced payment	26,199	21,904	18,491	Unpaid Dividends	-	33	-
Prepaid expenses	17,687	16,220	13,178	Others	6,986	7,476	7,797
Accrued income	1,521	3,107	2,983				
Deferred tax	111,428	124,708	116,728				
Others	8	8	8				
Inventory	194,179	123,650	179,680				
Non-Current	5,742,048	5,710,775	5,585,684	Non-Current	1,318,582	1,316,369	1,918,669
Investment	190,349	185,428	124,133	Bonds	858,756	858,618	1,377,583
LT financial investment	16	16	16	Long-term borrowings	-	-	-
Investment securities	27,189	26,010	13,467	Long-term payables	397,843	393,666	483,878
Equity method security	113,221	114,345	65,827	Others	61,983	64,085	57,208
Hold-to-maturity							
Long-term loans	31,668	26,303	28,805				
Others	18,256	18,755	16,018				
Tangible Asset	4,327,707	4,279,379	4,152,542	<b>Equity</b>	<b>4,318,828</b>	<b>4,267,007</b>	<b>4,266,621</b>
Land	119,301	119,301	119,328	Capital Stock	1,044,181	1,044,181	1,044,181
Buildings	266,306	267,572	271,028	APIC	1,728,150	1,728,150	1,731,271
Structure	71,897	71,715	72,452	Capital Adjustment	3,239	3,239	3,037
Equipment & Machinery	3,592,912	3,543,860	3,414,243	Accumulative Other	4,566	3,880	1,199
Vehicles	2,764	1,521	2,049	Comprehensive Gain&Loss			
Construction in progress	93,411	173,722	83,407	Retained Earnings	1,538,692	1,487,557	1,486,932
Others	181,116	101,688	190,035				
Intangible Asset	917,481	939,024	998,817				
Others	306,512	306,944	310,192				
Long-term Receivables	42,277	50,687	52,431				
Guarantee deposit	215,061	216,262	212,913				
Deferred income tax	49,174	39,994	44,848				