

Voice Growth Leads to Overall Subscriber Net Add;

Hanarotelecom Announces 2005 Second Quarter Earnings Results

SEOUL, South Korea, Aug 15, 2005 (BUSINESS WIRE) -- hanarotelecom incorporated (KOSDAQ: 033630) (NASDAQ: HANA):

-- The Company Establishes Platform for Further Growth by Completing Thrunet Acquisition and Expanding Fiber-Optic LAN Coverage

-- The Company Will Focus on Enhancing Profitability by Enlarging Revenue Base and Improving Cost Structure in the Second Half of 2005

hanarotelecom incorporated (KOSDAQ: 033630) (NASDAQ: HANA) ("Hanaro" or "the Company"), Korea's leading integrated telecommunications company providing a wide range of broadband Internet and voice services, today announced its second quarter results for 2005.

The Company stated that it posted revenues of KRW 353.9 billion, EBITDA of KRW 108.5 billion and, due to proactive marketing efforts to secure the subscriber base, incurred a net loss of KRW 33.2 billion for the second quarter of 2005.

As a result of proactive sales activities, broadband and voice subscribers increased by about 42,000 and 56,000 respectively, which in turn led to a total of around 100,000 net subscriber adds during the second quarter. The Company also said that it established a platform for future growth by securing about 3.8 million combined broadband subscribers of Hanaro and Thrunet as of the second quarter this year (Refer to Table 1 - Subscriber Breakdown).

In particular, voice revenue has continued to increase in line with an increase in voice subscribers, which is attributed to the favorable responses from Hanaro's VoIP and corporate voice customers. The company plans to maximize ARPU by extending voice service to Thrunet's broadband subscriber base in the near future.

Also, in a strategic bid to enhance service competitiveness via network upgrades, the Company made significant investments in 100Mbps fiber-optic LAN services similar to FTTH (Fiber To The Home) during the second quarter. This led to 34% Optical LAN coverage that encompasses 2,800 APT complexes and 1.65 million households, and secured the accumulated net add of 252,000 subscribers for its Optical LAN service.

Meanwhile, the Company explained that the operating results were rather sluggish due to 1) a fall in the broadband revenue due to promotions and reduced modem rental fees; and 2) an increase in marketing expenses incurred by proactive marketing campaigns. (Refer to Table 2- 2Q 2005 Financial Highlights)

Mr. Dominic A. Gomez, Chief Operating Officer, said, "In the second half of this year, we will seek more opportunities for further growth by expanding the revenue base, enhancing service

competitiveness, improving channel efficiency and leveraging price competitiveness to energize voice business." He also added, "At the same time, we will enhance profitability through business rationalization, improved cost structure, and cost reduction."

Table 1 - Subscriber Breakdown

(Unit: Subscriber/Line)			
	2Q 2005	1Q 2004	Change (q-q)
Broadband	2,786,474	2,744,017	42,457
Voice	1,474,719	1,418,957	55,762
Leased Line	7,976	6,292	1,684
Total	4,269,169	4,169,266	99,903

Table 2 - 2Q 2005 Financial Highlights

(Unit: KRW billion)					
	2Q 2005	1Q 2004	Change (q-q)	2Q 2004	Change (y-y)
Revenues	353.9	357.9	-1.1%	363.1	-2.6%
Operating Profit	-3.4	15.3	Turned Negative	40.7	Turned Negative
Net Income	-33.2	5.1	Turned Negative	15.2	Turned Negative
EBITDA	108.5	126.9	-14.5%	148.2	-26.8%

Hanaro will be discussing its 2005 second quarter results during a conference call for domestic and overseas investors August 15, at 4:00 PM (Seoul).

This disclosure contains "forward-looking statements" that are based on the Company's current expectations, assumptions, estimates and projections about our company and our industry. The forward-looking statements are subject to various risks and uncertainties. Actual results may differ materially from those contained in such forward-looking statements as a result of a number of factors, including without limitation, the Company's history of operating losses; the Company's inability to generate sufficient cash flow from its operations to meet its operating needs and its reliance on equity and debt financings to fund its operations; the decline in the prices for communications services; increasing competition in the telecommunications sector in Korea and other factors beyond the Company's control. Investors are directed to Hanaro's reports and documents filed from time to time with the U.S. Securities and Exchange Commission for additional factors that should be considered prior to investing in the Company's securities. Hanaro does not intend to update or otherwise revise the forward-looking statements in this release, whether as a result of new information, future events or otherwise. Because of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this release might not occur in the way the Company expects, or at all. Investors should not place undue reliance on any of the forward-looking statements.

Company Information

Hanarotelecom is Korea's leading integrated telecommunications company that provides a wide range of broadband Internet and voice services. The company commenced its commercial operations in April 1999 and revolutionized the IT industry by launching the world's first commercialized ADSL services. Currently, it provides high-speed Internet and voice telephony services, as well as leased lines and Internet Data Center (IDC) services. Hanarotelecom was listed on NASDAQ through issuance of American Depositary Receipts (ADR) in March 2000. Its common shares were listed on KOSDAQ in November 1998.

For additional information, please visit hanarotelecom's Investor Relations website:

<http://www.hanaro.com/eng/ir/>

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