

SK TELECOM CO LTD

Form 6-K

November 06, 2007

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**SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**Form 6-K  
REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE MONTH OF October 2007**

**SK Telecom Co., Ltd.**

*(Translation of registrant's name into English)*

11, Euljiro2-ga, Jung-gu  
Seoul 100-999, Korea

*(Address of principal executive offices)*

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): \_\_\_\_\_

*Note:* Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): \_\_\_\_\_

*Note:* Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submission to furnish a report or other document that the registration foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's home country), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes  No

If Yes is marked, indicate below the file number assigned to the Registrant in connection with Rule 12g3-2(b):  
82-\_\_\_\_\_

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QUARTERLY REPORT

(From January 1, 2007 to June 30, 2007)

THIS IS A SUMMARY OF THE QUARTERLY REPORT ORIGINALLY PREPARED IN KOREAN AND IS IN SUCH FORM AS REQUIRED BY THE KOREAN FINANCIAL SUPERVISORY COMMISSION.

IN THE TRANSLATION PROCESS, SOME PARTS OF THE REPORT WERE REFORMATTED, REARRANGED OR SUMMARIZED FOR THE CONVENIENCE OF READERS.

UNLESS EXPRESSLY STATED OTHERWISE, ALL INFORMATION CONTAINED HEREIN IS PRESENTED ON A NON-CONSOLIDATED BASIS IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN KOREA, OR KOREAN GAAP, WHICH DIFFER IN CERTAIN RESPECTS FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN CERTAIN OTHER COUNTRIES, INCLUDING THE UNITED STATES. WE HAVE MADE NO ATTEMPT TO IDENTIFY OR QUANTIFY THE IMPACT OF THESE DIFFERENCES.

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**1. Corporate Purpose of SK Telecom Co., Ltd. (the Company )**

**Business Objectives**

1. Information and communication business
2. Handset sales and lease business
3. New media business
4. Advertisement business
5. Communication sales business
6. Personal property and real property lease business
7. Research and technology development related to Clause 1 through 4
8. Overseas business and trading business related to Clause 1 through 4
9. Manufacturing and distribution business related to Clause 1 through 4
10. Tourism
11. Other businesses related to the above

**2. Company History**

**A. Changes Since Incorporation**

**(1) Date of Incorporation**

March 29, 1984 (date of shareholders meeting for the incorporation): Incorporated as Korea Mobile Communications Service Co., Ltd.

(Authorized capital: Won 500 million / Paid-in capital: Won 250 million)

**(2) Location of Headquarters**

22 Dohwa-dong, Mapo-gu, Seoul (July 11, 1988)

16-49 Hangang-ro 3-ga, Yongsan-gu, Seoul (November 19, 1991)

267 Namdaemun-ro 5-ga, Jung-gu, Seoul (June 14, 1995)

99 Seorin-dong, Jongro-gu, Seoul (December 20, 1999)

11, Euljiro 2-ga, Jung-gu, Seoul (December 13, 2004)

**B. Mergers**

**(1) Target: Shinsegi Communication Co., Ltd.**

Date: January 13, 2002

Registration: January 16, 2002

**(2) Target: SK IMT Co., Ltd.**

Date: May 1, 2003

Registration: May 7, 2003

**C. Significant Recent Business Events**

N/A

**3. Information Regarding Shares**

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## A. Total number of shares

(As of June 30, 2007)		(Unit: shares)		
Classification	Common shares	Share type	Total	Remarks
<b>I. Total number of issuable shares</b>	220,000,000		220,000,000	
<b>II. Total number of shares issued to date</b>	89,278,946		89,278,946	
<b>III. Total number of shares retired to date</b>	8,085,235		8,085,235	
<b>1. Capital reduction</b>				
<b>2. Share cancellation</b>	8,085,235		8,085,235	
<b>3. Redeemed shares</b>				
<b>4. Others</b>				
<b>IV. Total number of shares (II-III)</b>	81,193,711		81,193,711	
<b>V. Number of treasury shares</b>	8,526,252		8,526,252	
<b>VI. Number of shares outstanding (IV-V)</b>	72,667,459		72,667,459	

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## B. Capital Stock and Price per Share

(As of June 30, 2007)

(Unit: Won, shares)

Classification	Type Common shares	Capital (total face value)			Price per share		
		Capital amount in financial statements (a)	Total number of issued shares (IV of A×b)	Total amount of distributed shares (VI of A×b)	Par value per share (b)	Capital/ Total number of issued shares (a / IV of A.)	Capital/ Number of distributed shares (a / VI of A.)
Registered		44,639,473,000	40,596,855,500	36,333,729,500	500	549.8	614.3
<b>Total</b>		44,639,473,000	40,596,855,500	36,333,729,500	500	549.8	614.3

## C. Acquisition and Disposition of Treasury Shares

## (1) Status of Acquisition and Disposition of Treasury Shares

Acquisition method	Type of share	Amount at the beginning of period	Acquisition/Disposition		Retirement ( )	Amount at the end of period
			(+)	( )		
<b>Direct acquisition pursuant to Article 189-2 (1) of the relevant Act</b>	Common share	4,561,572				4,561,572
	Preferred share					
<b>Direct acquisition based on causes other than those stipulated in Article 189-2 (1) of the relevant Act</b>	Common share	77,970				77,970
	Preferred share					
<b>Sub-total</b>	Common share	4,639,542				4,639,542
	Preferred share					
<b>Indirect acquisition through trust and other agreements</b>	Common share	3,886,710				3,886,710
	Preferred share					
<b>Total</b>	Common share	8,526,252				8,526,252

*Notes:*

\* Of the  
4,639,542  
shares of

treasury stocks  
directly  
acquired based  
on causes other  
than those  
provided in  
Article 189-2  
(1) of the  
relevant Act,  
1,688,842  
shares were  
deposited with  
the Korea  
Securities  
Depository as of  
June 30, 2007  
for any  
exchange of the  
Company's  
overseas  
exchangeable  
bonds.

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**Table of Contents****D. Employee Stock Ownership Program****(1) Transactions with the Employee Stock Ownership Program**

- a) On August 23, 1999, the Company lent Won 118.6 billion of purchase funds for employee stock ownership to the Employee Stock Ownership Program, and the Employee Stock Ownership Program re-lent the amount to the Company's employees in accordance with its internal allotment standards.

Terms of the loan: 8-year installment repayment plan following a three-year grace period

The loan is deducted from wages for each individual to repay the Employee Stock Ownership Program, and is subsequently repaid to the company.

- b) Repayment amount during the first to the second quarter of 2007 : Won 1,808,302,000

Details of the loan repayment

(As of June 30, 2007)

(Unit: in thousand Won)

<b>Classification</b>	<b>Amount</b>	<b>Remarks</b>
<b>Initial loan amount</b>	118,577,755	Lent on August 23, 1999 to 3,540 persons Includes Won 1.81 billion repaid during the first to the second quarter of 2007
<b>Accumulated repayment amount</b>	112,856,502	
<b>Balance</b>	5,721,253	Expected full repayment by June 2010

**(2) Voting Rights of the Employee Stock Ownership Program**

During a designated period, to be 7 days or longer, each individual member of the Program may exercise his voting rights by expressing his intention on the shareholders' meeting agenda through a written power of attorney to a designated proxy.

**(3) Shareholdings of the Employee Stock Ownership Program**

(Unit: shares)

<b>Account classification</b>	<b>Types of share</b>	<b>Balance at the beginning of period</b>	<b>Balance at the end of period</b>
E.S.O.P. account			
Member account	Common share	197,240	174,646

\* As the relevant law requires an immediate transfer of the shares directly purchased by the employees to the account of the individual purchasers, the Company transfers and holds the employees' stocks in

separate  
individual  
accounts within  
the program  
once the number  
of shares for  
each individual  
member is  
determined.

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**Table of Contents****4. Status of Voting Rights**

(As of June 30, 2007)	Classification	(Unit: shares)	Number of shares	Remarks
<b>Total outstanding shares (A)</b>	Common share		81,193,711	
	Preferred share			
	Common share			Treasury
<b>Number of shares without voting right (B)</b>			8,526,252	shares
	Preferred share			
<b>Shares with restricted voting right under the Stock Exchange Act and other laws (C)</b>	Common share			
<b>Shares with reestablished voting right (D)</b>				
<b>The number of shares with exercisable voting right (E = A - B - C + D)</b>	Common share		72,667,459	
	Preferred share			

**5. Dividends and Others**

Classification	2007(Half year)	2006	2005
<b>Par value per share</b>	500	500	500
<b>Current net income</b>	799,584	1,446,598	1,871,380
<b>Net income per share</b>	11,003	19,734	25,421
<b>Income available for distribution as dividend</b>		1,574,716	1,930,626
<b>Total cash dividend</b>	72,667	582,386	662,529
<b>Total stock dividend</b>			
<b>Percentage of cash dividend to available income (%)</b>		40.3	35.4
<b>Cash dividend yield ratio(%)</b>			
<b>Common share</b>		3.6	4.9
<b>Preferred share</b>			
<b>Stock dividend yield ratio (%)</b>			
<b>Common share</b>			
<b>Preferred share</b>			
<b>Cash dividend per share</b>			
<b>Common share</b>	1,000	8,000	9,000

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		(Unit: in million Won except per share value)		
	Classification	2007(Half year)	2006	2005
	<b>Preferred share</b>			
	<b>Stock dividend per share</b>			
	<b>Common share</b>			
	<b>Preferred share</b>			

\* The total amount of cash dividend for the year ended December 31, 2006 includes the interim dividend amount of Won 73,714 million, and the cash dividend amount per share of Won 8,000 for the same period includes the interim dividend amount of Won 1,000 per share.

\* The total amount of cash dividend for the year ended December 31, 2005 includes the interim dividend amount of Won 73,614 million, and the cash dividend amount per share of Won 9,000 for the same period includes the

interim dividend  
amount of Won  
1,000 per share.

## II. BUSINESS

### 1. Business Summary

#### A. Industry Status

##### (1) Characteristics of the Industry

As of June 30, 2007, the number of domestic mobile phone subscribers reached 42.3 million and with a 87.5% penetration rate, and the Korean mobile communication market can be considered to have reached its maturation stage. However, considering the number of European countries with penetration rates exceeding 90%, additional future growth of the domestic market may be possible.

The Korean mobile communications market continues to improve with the help of advances in network-related technology evidenced by the world's first commercialization of CDMA2000 1x, CDMA 1x EV-DO, and the development of highly advanced handsets that enables the provision of convergence services for multimedia contents, mobile commerce, telematics, satellite DMB, digital home services and other related contents.

##### (2) Industry Growth

Classification	(Unit: 1,000 persons)				
	End of 1H 2007	End of 2006	End of 2005	End of 2004	End of 2003
Penetration rate (%)	87.5	83.2	79.4	75.9	70.1
Number of subscribers					
SK Telecom	21,358	20,271	19,530	18,783	18,313
PCS	20,962	19,926	18,812	17,803	15,279
<b>Total</b>	<b>42,320</b>	<b>40,197</b>	<b>38,342</b>	<b>36,586</b>	<b>33,592</b>

(Data: Ministry of Information and Communication website)

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## (3) Market Characteristics

The Korean mobile communication market includes the entire population of Korea with mobile communication service needs, and almost every Korean is considered a potential user. With the market penetration rate reaching as high as 87.5% (as of the end of June 2007), the customer base is continuing to expand to include elementary school and pre-school children. Although demand to date has primarily been in the domestic market, as the business territory expands to overseas market, the size of overseas sales is expected to grow in the near future. Seasonal and economic fluctuations have much less impact on the Korean mobile communication market compared to other industries.

## B. Company Status

## (1) Market Share

\* Historical market share of the Company

		(Unit: %)		
	Classification	End of 1H 2007	2006	2005
<b>Mobile phone</b>		50.5	50.4	50.9

\* Comparative market share

(As of June 30, 2007)

		(Unit: %)		
	Classification	SK Telecom	KTF	LG Telecom
<b>Market share</b>		50.5	31.9	17.6

(Data: Ministry of Information and Communication website)

## (2) New Business Contents and Prospects

N/A

**2. Major Products**

## A. Status of Major Products as of June 30, 2007

(Unit: in million Won, %)

Business field	Sales type	Item	Major trademarks	Sales amount (ratio)
<b>Information and communication</b>	Services	Mobile phone	June, NATE and others	5,473,435 (98.5%)
		Others	Others	80,888 (1.5%)

## B. Price Trend of Major Products

	Item	1H 2007	During 2006	During 2005
<b>Mobile phone</b>	<b>Basic fee (per month)</b>	13,000	13,000	13,000
<b>(Based on standard call charge)</b>	<b>Service fee (per 10 seconds)</b>	20	20	20

\*

Caller ID  
service became  
free of charge  
beginning  
January 2006.

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**Table of Contents****3. Investment Status**

## A. Investments in Progress

(Unit: Won 100 million)

Business field	Classification	Investment period	Subject of Investment	Total investments	Amount	
					already invested	Future investment
Network/Common	Upgrade/ New installation	2007	Capacity increase and Network, quality systems improvement; and others	15,500	7,178	8,322

\* Amount already invested is the cumulative amount expended through the first to the second quarter of 2007

## B. Future Investment Plan

(Unit: Won 100 million)

Business field	Expected investment amount	Expected investment for each year		Investment effect
		2008	2009	
Network/Common	Asset type Network, systems and others	15,500	N/A	Upgrades to the existing services and provision of new services
<b>Total</b>		15,500	N/A	

\* The expected investment amount of Won 1,550.0 billion is the planned



investment  
amount for  
2007.

**4. Derivative Products and Others**

A. Derivatives Contracts

(1) FX Swap

a) Purpose of Contracts: Currency Exchange Risk Hedging

b) Contract Terms

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## Cross Currency Swap

(As of June 30, 2007)

(Unit: in million Won)

<b>Contract amount</b>	<b>Contract party</b>	<b>Contract date</b>	<b>Proceeds payment method</b>	<b>Income/loss on valuation</b>
US\$125 million	Citibank	March 23, 2004	Exchange on the date immediately preceding the principal and interest payment date	(37,236)
US\$125 million	Credit Suisse	March 23, 2004	Same as above	(37,337)
US\$50 million	BNP Paribas	March 23, 2004	Same as above	(14,915)
US\$100 million	Calyon	October 10, 2006	Same as above	1,403
Total: US\$400 million				(88,085)

\* Income/loss on valuation was calculated using the cash flow hedge accounting and was appropriated for capital adjustment.  
FX Swap

(As of June 30, 2007)

(Unit: in million Won)

<b>Contract amount</b>	<b>Contract party</b>	<b>Contract date</b>	<b>Proceeds payment method</b>	<b>Income on valuation</b>
US\$100 million	Credit Suisse	May 27, 2004	Exchange before principal payment date	(23,343)
US\$300 million	Hana Bank	June 30, 2006	Payment of US Dollars and receipt of Korean Won on July 5, 2007	15,732
US\$140 million	Shinhan Bank			
US\$140 million	Woori Bank			
US\$140 million	Korea Exchange Bank			
US\$140 million	Citibank			
US\$140 million	Barclays Capital			

(2) Interest Rate Swap

a) Purpose of Contracts: Interest Rate Risk Hedging

b) Contract Terms

**Table of Contents**

(As of June 30, 2007)

(Unit: in million Won)

<b>Contract amount</b>	<b>Contract party</b>	<b>Contract date</b>	<b>Proceeds payment method</b>	<b>Income/loss on valuation</b>
2,000	Shinhan Bank	June 28, 2006	Fixing of interest payment date / exchange of floating interest rate	1,555

\* Income/loss on valuation was calculated using the cash flow hedge accounting and was appropriated for capital adjustment.

**5. R&D Investments**

(Unit: in thousand Won)

<b>Category</b>	<b>1H 2007</b>	<b>2006</b>	<b>2005</b>
<b>Raw material</b>	<b>44,715</b>	184,969	234,889
<b>Labor</b>	<b>19,731,438</b>	33,986,701	35,191,759
<b>Depreciation</b>	<b>61,387,278</b>	134,461,257	121,335,301
<b>Commissioned service</b>	<b>45,336,838</b>	83,751,223	86,536,635
<b>Others</b>	<b>14,632,228</b>	35,680,197	41,730,732
<b>Total R&amp;D costs</b>	<b>141,132,497</b>	288,064,347	285,029,316
<b>Accounting</b>			
<b>Sales and administrative expenses</b>	<b>136,581,569</b>	277,807,352	273,223,885
<b>Development expenses (Intangible assets)</b>	<b>4,550,928</b>	10,256,995	11,805,431
<b>R&amp;D cost / sales amount ratio</b>			
<b>(Total R&amp;D costs / Current sales amount×100)</b>	<b>2.54%</b>	2.70%	2.81%

**6. Other Matters****A. External Fund Procurement Summary**

\* Domestic procurement

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(Unit: in million Won)

Source of procurement	Beginning balance	New procurement	Reduction from repayment	Ending balance	Remarks
<b>Bank</b>	200,000			200,000	
<b>Insurance company</b>					
<b>Merchant banking</b>					
<b>Loan specialty financial company</b>					
<b>Mutual savings bank</b>					
<b>Other financial institutions</b>	9,839		4,980	4,859	
<b>Total procurement from financial institutions</b>	209,839		4,980	204,859	
<b>Corporate bond (public offering)</b>	2,100,000			2,100,000	
<b>Corporate bond (private offering)</b>					
<b>Paid-in capital increase (public offering)</b>					
<b>Paid-in capital increase (private offering)</b>					
<b>Asset - backed securitization (public offering)</b>					
<b>Asset - backed securitization (private offering)</b>					
<b>Others</b>					
<b>Total procurement from capital market</b>	2,100,000			2,100,000	
<b>Borrowings from shareholder, officer and affiliated company</b>					
<b>Others</b>					
<b>Total</b>	2,309,839		4,980	2,304,859	

\* Overseas  
procurement

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(Unit: in million Won)

Procurement source	Beginning balance	New procurement	Reduction in repayment and others	Ending balance	Remarks
Financial institutions	92,960		280	92,680	Exchange rate adjustment
Overseas securities (Corporate bonds)	278,880		840	278,040	Exchange rate adjustment
Overseas securities (shares and others)	356,356			356,356	
Asset backed securitization					
Others					
<b>Total</b>	728,196		1,120	727,076	

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## B. Credit Ratings

## (1) Corporate Bonds

<b>Credit rating date</b>	<b>Subject of valuation</b>	<b>Credit rating</b>	<b>Credit rating entity (Credit rating range)</b>	<b>Evaluation classification</b>
March 12, 2004	Corporate bond	AAA	Korea Ratings	Current valuation
March 15, 2004	Corporate bond	AAA	National Information on Credit Evaluation, Inc.	Current valuation
April 23, 2004	Corporate bond	AAA	Korea Investors Service, Inc.	Current valuation
April 23, 2004	Corporate bond	AAA	Korea Ratings	Current valuation
December 6, 2004	Corporate bond	AAA	Korea Investors Service, Inc.	Current valuation
December 6, 2004	Corporate bond	AAA	National Information on Credit Evaluation, Inc.	Current valuation
March 11, 2005	Corporate bond	AAA	Korea Investors Service, Inc.	Current valuation
March 11, 2005	Corporate bond	AAA	Korea Ratings	Current valuation
March 14, 2005	Corporate bond	AAA	Korea Ratings	Regular valuation
June 14, 2005	Corporate bond	AAA	National Information on Credit Evaluation, Inc.	Regular valuation
June 13, 2006	Corporate bond	AAA	National Information on Credit Evaluation, Inc.	Regular valuation
June 21, 2006	Corporate bond	AAA	Korea Ratings	Regular valuation
June 22, 2006	Corporate bond	AAA	Korea Investors Service, Inc.	Regular valuation
September 1, 2006	Corporate bond	AAA	National Information on Credit Evaluation, Inc.	Current valuation
September 1, 2006	Corporate bond	AAA	Korea Ratings	Current valuation
September 1, 2006	Corporate bond	AAA	Korea Investors Service, Inc.	Current valuation
October 27, 2006	Corporate bond	AAA	National Information on Credit Evaluation, Inc.	Current valuation
October 27, 2006	Corporate bond	AAA	Korea Ratings	Current valuation
May 29, 2007	Corporate bond	AAA	Korea Ratings	Regular valuation
June 14, 2007	Corporate bond	AAA	National Information on Credit Evaluation, Inc.	Regular valuation
June 27, 2007	Corporate bond	AAA	Korea Investors Service, Inc.	Regular valuation

\* Rating definition: AAA  
The certainty of principal and interest payment is at the highest level with extremely low investment risk, and is stable in that there is no influence of any environmental change under reasonable

expectation  
conditions.

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## (2) Commercial Paper ( CP )

<b>Credit rating date</b>	<b>Subject of valuation</b>	<b>Credit rating</b>	<b>Credit rating entity (Credit rating range)</b>	<b>Evaluation classification</b>
January 26, 2004	CP	A1	National Information on Credit Evaluation, Inc.	Regular valuation
June 8, 2004	CP	A1	National Information on Credit Evaluation, Inc.	Current valuation
June 11, 2004	CP	A1	Korea Ratings	Current valuation
June 11, 2004	CP	A1	Korea Investors Service, Inc.	Current valuation
June 13, 2005	CP	A1	Korea Investors Service, Inc.	Current valuation
June 14, 2005	CP	A1	National Information on Credit Evaluation, Inc.	Current valuation
June 16, 2005	CP	A1	Korea Ratings	Current valuation
June 13, 2006	CP	A1	Korea Investors Service, Inc.	Current valuation
June 21, 2006	CP	A1	National Information on Credit Evaluation, Inc.	Current valuation
June 22, 2006	CP	A1	Korea Investors Service, Inc.	Current valuation
September 1, 2006	CP	A1	Korea Ratings	Regular valuation
December 27, 2006	CP	A1	National Information on Credit Evaluation, Inc.	Regular valuation
December 27, 2006	CP	A1	Korea Investors Service, Inc.	Regular valuation
May 29, 2007	CP	A1	Korea Ratings	Current valuation
June 14, 2007	CP	A1	National Information on Credit Evaluation, Inc.	Current valuation
June 27, 2007	CP	A1	Korea Investors Service, Inc.	Current valuation

\* Rating definition: A1 Timely repayment capability is at the highest level with extremely low investment risk, and is stable in that there is no influence of any environmental change under reasonable expectation conditions.

## (3) International Credit Ratings

<b>Date of credit rating</b>	<b>Subject of valuation</b>	<b>Credit rating of securities</b>	<b>Credit rating company (Credit rating range)</b>	<b>Evaluation type</b>
June 14, 2005	Issuer Rating	A	Fitch (England)	Current valuation



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July 14, 2005	Global Bonds	A2	Moody s (U.S.A.)	Current valuation
July 14, 2005	Exchangeable Bonds	A2	Moody s (U.S.A.)	Current valuation
July 27, 2005	Global Bonds	A	S&P (U.S.A.)	Current valuation
July 27, 2005	Exchangeable Bonds	A	S&P (U.S.A.)	Current valuation

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**Table of Contents****III. FINANCIAL INFORMATION**

## 1. Summary Financial Statements

(Unit: in million Won)

Classification	Year ended December 31,				
	1H 2007	2006	2005	2004	2003
<b>Current assets</b>	<b>3,990,382</b>	4,189,325	4,172,485	3,854,345	3,460,706
<b>Quick assets</b>	<b>3,969,874</b>	4,172,887	4,166,500	3,843,384	3,452,682
<b>Inventory</b>	<b>20,508</b>	16,438	5,985	10,961	8,024
<b>Fixed assets</b>	<b>12,550,180</b>	11,624,728	10,349,191	10,166,360	9,915,253
<b>Investments</b>	<b>4,597,051</b>	3,547,942	2,366,760	2,112,488	1,763,359
<b>Tangible assets</b>	<b>4,416,656</b>	4,418,112	4,595,884	4,605,253	4,551,626
<b>Intangible assets</b>	<b>3,252,246</b>	3,405,158	3,386,547	3,448,619	3,600,268
<b>Other non-current assets</b>	<b>284,227</b>	253,516			
<b>Total assets</b>	<b>16,540,562</b>	15,814,053	14,521,676	14,020,705	13,375,959
<b>Current liabilities</b>	<b>3,101,770</b>	2,985,620	2,747,268	2,859,711	4,231,974
<b>Fixed liabilities</b>	<b>3,297,290</b>	3,522,006	3,516,528	4,033,902	3,202,147
<b>Total liabilities</b>	<b>6,399,060</b>	6,507,626	6,263,796	6,893,613	7,434,121
<b>Capital</b>	<b>44,639</b>	44,639	44,639	44,639	44,639
<b>Capital surplus</b>	<b>2,965,945</b>	2,962,699	2,966,198	2,983,166	2,915,964
<b>Capital adjustment</b>	<b>(2,022,478)</b>	(2,019,568)	(2,022,817)	(2,057,422)	(2,159,114)
<b>Accumulated comprehensive income</b>	<b>1,017,730</b>	473,904			
<b>Retained earnings</b>	<b>8,135,665</b>	7,844,753	7,269,861	6,156,708	5,140,349
<b>Total capital</b>	<b>10,141,502</b>	9,306,427	8,257,881	7,127,091	5,941,838
<b>Sales</b>	<b>5,554,323</b>	10,650,952	10,161,129	9,703,681	9,520,244
<b>Operation income</b>	<b>1,324,213</b>	2,584,370	2,653,570	2,359,581	3,080,660
<b>Ordinary income</b>	<b>1,123,116</b>	2,021,643	2,554,613	2,115,778	2,714,194
<b>Current net income</b>	<b>799,584</b>	1,446,598	1,871,380	1,494,852	1,942,750

\* See the attached Korean GAAP Non-consolidated Financial Statements.

**Table of Contents****IV. AUDITOR S OPINION****1. Auditor**

<b>1H 2007</b> Deloitte Anjin LLC	<b>2006</b> Deloitte Anjin LLC	<b>2005</b> Deloitte Anjin LLC	<b>2004</b> Deloitte Hana Anjin LLC
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**2. Audit Opinion**

<b>Term</b> <b>1H 2007</b>	<b>Auditor s opinion</b> Appropriate	<b>Issues noted</b>
<b>Year ended December 31, 2006</b>	Appropriate	
<b>Year ended December 31, 2005</b>	Appropriate	
<b>Year ended December 31, 2004</b>	Appropriate	

**3. Remuneration for Independent non-executive Auditors for the Past Three Fiscal Years****A. Audit Contracts**

<b>Term</b>	<b>Auditors</b>	<b>Contents</b>	<b>Fee</b>	<b>Total hours</b>
			(Unit: in thousand Won)	
<b>1H 2007</b>	Deloitte Anjin LLC	Semi-annual review		
		Quarterly review Non-consolidated financial statements audit		
		Consolidated financial statements audit	941,000	10,441
<b>Year ended December 31, 2006</b>	Deloitte Anjin LLC	Semi-annual review		
		Quarterly review Non-consolidated financial statements audit		
		Consolidated financial statements audit	656,000	7,637
<b>Year ended December 31, 2005</b>	Deloitte Anjin LLC	Semi-annual review		
		Quarterly review Non-consolidated financial statements audit		
		Consolidated financial statements audit	447,000	5,177
<b>Year ended December 31, 2004</b>	Deloitte Hana Anjin LLC	Semi-annual review		
		Quarterly review Non-consolidated financial statements audit		
		Consolidated financial statements audit	360,000	4,808
<b>1H 2007</b>	Deloitte Anjin LLC	Semi-annual review		

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Quarterly review		
Non-consolidated financial statements audit		
Consolidated financial statements audit		
Consolidated financial statements audit	941,000	10,441

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## B. Non-Audit Services Contract with External Auditors

		(Unit: in thousand Won)			
Term	Contract date	Service provided	Service period	Fee	
<b>1H 2007</b>  <b>Year ended December 31, 2006</b>	March 20, 2007	1Q 2007 Accountants' Review Report Translation	5 days	10,689	
		Tax adjustment for fiscal year 2006	10 days	30,000	
	January 1, 2006	3Q 2006 Accountants' Review Report Translation	5 days	10,200	
		2Q 2006 Accountants' Review Report Translation	5 days	10,200	
	February 7, 2006	1Q 2006 Accountants' Review Report Translation	5 days	10,228	
		Tax consulting service for fiscal year 2006	25 days	20,000	
	March 31, 2006	Tax training for employees of authorized exclusive dealers	50 days	45,000	
		Tax adjustment for fiscal year 2005	7 days	27,000	
	April 30, 2006	Tax consulting	7 days	45,000	
		Financial consulting	7 days	40,000	
	October 13, 2006	Evaluation of and preparation of recommendations for improvement of subsidiaries' financial system infrastructure	10 days	49,500	
		Preparation of responses to the U.S. S.E.C. comments on the Company's Form 20-F for 2005	10 days	25,500	
	<b>Year ended December 31, 2005</b>	February 4, 2005	Advisory service regarding the set up of the internal control	9 days	46,080
			-Form 20-F for the year ended December 31, 2003		
March 30, 2005		-Response to the U.S. S.E.C. comments regarding the Form 6-K including the U.S. GAAP consolidated financial statements for the six months ended June 30, 2004	10 days	20,200	
		Tax adjustment for the year ended December 31, 2004	7 days	24,920	
April 15, 2005		Tax consulting	3 days	5,000	
		Tax consulting	7 days	19,000	
June 1, 2005		2004 English audit	20 days	86,000	
		Tax consulting	5 days	13,500	
December 31, 2005		Tax consulting	All year (100 hours)	10,000	

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**V. MANAGEMENT STRUCTURE**

**1. Summary of Management Structure**

A. Board of Directors

(1) Authority of the Board of Directors

- a) Authority of the board of directors under Article 7 of the Regulations of the Board of Directors  
Convocation of shareholders meeting and submission of agenda

Prior approval of financial statements

Decisions on issuance of new shares

Long-term borrowings, issuance of corporate bonds and redemptions

Capital transfer of reserves

Election of CEO and representatives

Appointment of executive directors

Establishment, transfer or closure of branches

Enactment of and revision to the Regulations for the Board of Directors

Annual business plan and budgeting

Approval of investments of Won 15 billion or above

Planned budget increases and changes for investments or Won 15 billion or above

Diversification into new businesses

Investments and joint ventures of Won 15 billion or above (excluding matters subject to prior approval by independent non-executive directors)

Establishment of subsidiaries

Guarantees of Won 15 billion or above (excluding matters subject to prior approval by independent non-executive directors)

Transactions undertaken with related parties equal to or above the lesser of an amount equivalent to 10% of capital or Won 10 billion, and any material changes to such transactions in accordance with the Anti-trust Law and Fair Trade Act

Enactment of and amendment to the Internal Trading Procedures

Other matters considered necessary by the Board of Directors and those requiring Board of Directors approval under applicable laws

- b) Reporting items under Article 7.2 of the Regulations of the Board of Directors

The representative director must report the following to the Board of Directors within two months after the date of occurrence:

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Results for the six months ended June 30 of each year

Execution of investments between Won 5 billion and Won 15 billion

New investments and joint ventures under Won 15 billion

Acquisition of non-operational fixed assets

Disposition of fixed assets of Won 15 billion or above

Matters related to guarantees of under Won 15 billion

Internal trading not subject to approval by the Board of Directors

Matters delegated to the representative director that the Board of Directors requires to be reported

(2) Publication of Information on Director Candidates Prior to the Shareholders Meeting for the Election of Directors and Shareholders Nomination

a) On February 15, 2007, in the notice of the annual general meeting of shareholders, information on Jung Nam Cho, Sung Min Ha and Dal Sup Shim, candidates for the Board of Directors, was publicly disclosed.

b) There was no nomination by the shareholders.

(3) Significant Activities of the Board of Directors

<b>Meeting</b>	<b>Date</b>	<b>Agenda</b>	<b>Approval</b>
<b>276<sup>th</sup></b> <b>(the first meeting of 2007)</b>	January 25, 2007	- Financial statements for the year ended December 31, 2006	Approved as proposed
		- Annual business report for the year ended December 31, 2006	Approved as proposed
<b>277<sup>th</sup></b> <b>(the second meeting of 2007)</b>	February 13, 2007	- Organization of Independent Non-executive Director Nomination Committee	Approved as proposed
<b>278<sup>th</sup></b> <b>(the third meeting of 2007)</b>	February 13, 2007	- Convocation of the 23 <sup>rd</sup> General Meeting of Shareholders	Approved as proposed
		- Change in the Fair Trade Voluntary Compliance Program manager	Approved as proposed
<b>279<sup>th</sup></b> <b>(the fourth meeting of 2007)</b>	March 9, 2007	- Election of the representative director and appointments of executive directors	Approved as proposed
	March 9, 2007	- Election of committee members	Approved as proposed
<b>280<sup>th</sup></b> <b>(the fifth meeting of 2007)</b>	April 27, 2007	- Entry into UN Global Compact	Approved as proposed





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<b>Meeting</b>	<b>Date</b>	<b>Agenda</b>	<b>Approval</b>
<b>281<sup>th</sup></b> <b>(the sixth meeting of 2007)</b>	May 29, 2007	- WCDMA Investment Plan	Approved as proposed
<b>282<sup>th</sup></b> <b>(the seventh meeting of 2007)</b>	June 29, 2007	- Capital Investment in AD Chips & Acquisition of Convertible Bond  - Capital Investment in iHQ - Capital Investment in NTREEV - Issuance of Global Bond - Capital Injection into USA Holdings Inc.	Disapproval  Approved as proposed Approved as proposed Approved as proposed Approved as proposed
<b>283<sup>th</sup></b> <b>(the eighth meeting of 2007)</b>	July 27, 2007	- Interim Dividend	Approved as proposed
(4) Committee Structure and Activities of the Board of Directors			
a) Independent non-executive Director Nomination Committee			
- Organization			
(As of June 30, 2007)			

<b>Number of Persons</b>	<b>Members</b>	
	<b>Company Directors</b>	<b>Independent non-executive Directors</b>
4	Shin Bae Kim, Sung Min Ha	Seung Taik Yang, Sang Jin Lee
-	Activities	

<b>Meeting</b>	<b>Date</b>	<b>Number of Attendees</b>	<b>Details</b>
<b>8<sup>th</sup> Meeting</b> <b>(the first meeting of 2007)</b>	February 13, 2007	4 persons /4 persons	- Election of the Chairman: Seung Taik Yang  - 23 <sup>nd</sup> General Meeting of Shareholders: Nomination of Independent non-executive director candidates Dal Sup Shim

\* The Independent Non-executive Director Nomination Committee is a committee established under the provisions of the Articles of Incorporation.



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- b) Compensation Review Committee  
 - Organization  
 (As of June 30, 2007)

Number of Persons	Company Directors	Members	
		Independent non-executive Directors	
8 persons		Dae Sik Kim, Yong Woon Kim, Dae Kyu Byun, Dal Sup Shim, Seung Taik Yang, Jae Seung Yoon, Sang Jin Lee, Hyun Chin Lim	
-	Activities		

Meeting	Date	Number of Attendees	Details
<b>The first meeting of 2007</b>	April 26, 2007	7 persons/ 8 persons	Election of chairman
<b>The second meeting of 2007</b>	July 27, 2007	7 persons/ 8 persons	Compensation System Review

\* The Compensation Review Committee is a committee established by the resolution of the Board of Directors.

- c) Capex Review Committee  
 - Organization  
 (As of June 30, 2007))

Number of Persons	Company Directors	Members	
		Independent non-executive Directors	
5 persons	Lee Bang Hyung	Dae Kyu Byun, Seung Taik Yang, Jae Seung Yoon, Sang Chin Lee	
-	Activities		

Meeting	Date	Number of Attendees	Details
<b>The first meeting of 2007</b>	April 26, 2007	4 persons/5 persons	- Election of chairman
<b>The second meeting of 2007</b>	June 28, 2007	5 persons/5 persons	- Capital Investment in AD Chips & Acquisition of Convertible Bond - Capital Investment in iHQ - Capital Investment in NTREEV

\* The Capex Review Committee is a committee established by the resolution of the Board of Directors.

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- d) Globalization Committee
- Organization

(As of June 30, 2007)

<b>Number of Persons</b>	<b>Company Directors</b>	<b>Members</b>
<b>4 persons</b>	<b>Ha Sung Min</b>	<b>Independent non-executive Directors</b>
		Dae Sik Kim, Dae Kyu Byun, Sang Chin Lee

- Activities

<b>Meeting</b>	<b>Date</b>	<b>Number of Attendees</b>	<b>Details</b>
<b>The first meeting of 2007</b>	June 28, 2007	5 persons/5 persons	- Capital Injection into USA Holdings Inc.

\* The Globalization Committee is a committee established by the resolution of the Board of Directors.

e) Audit Committee: See B. Audit System below.

\* The Audit Committee is a committee established under the provisions of the Articles of Incorporation.

**B. Audit System**

(1) Establishment and Organization of the Audit Committee

- a) The Audit Committee is composed of three or more directors. However, independent non-executive directors must account for 2/3 or more, and the members are elected by the resolution of the Board of Directors each year.
- b) The Audit Committee is convened when deemed necessary by the chairman or is requested by two or more of the committee members.
- c) The quorum for resolution is majority attendance with majority consent of the attending members.

(2) Authority of the Audit Committee

Includes authority to inquire on the subsidiary companies, right to investigate the business operations and asset conditions, and right to request for a business status report pursuant to the Audit Committee Regulations.

(3) Members of the Audit Committee

Audit Committee Members are directors Dae Sik Kim, Yong Woon Kim, Dal Sup Shim and Hyun Chin Lim.

(4) Major Activities of the Audit Committee

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<b>Meeting</b>	<b>Date</b>	<b>Agenda</b>	<b>Approval</b>	<b>Remarks</b>
<b>The first meeting of 2007</b>	January 24, 2007	- Financial statements for the year ended December 31, 2006 - Annual business report for the year ended December 31, 2006 - Report on operation of internal accounting controls	-	-
<b>The second meeting of 2007</b>	February 12, 2007	- Report on K GAAP audit of the financial statements for the year ended December 31, 2006 - Report on the review of internal accounting controls for the year ended December 31, 2006 - Report on the 2006 second-half management audit and the 2007 plan - Auditor's opinion on internal controls - Audit report for the year ended December 31, 2005 - Evaluation of internal accounting controls	- - - Approved as proposed Approved as proposed Approved as proposed	-
<b>The third meeting of 2007</b>	April 26, 2007	- Election of committee chairman - Reaffirmation of services to be provided by external auditors for fiscal year 2007 - Report on internal audit regarding the appropriateness of imposition of certain fines	Approved as proposed To be re-proposed at subsequent meeting -	-
<b>The fourth meeting of 2007</b>	May 28, 2007	- Accounting audit schedule for 2007 - Remuneration for outside auditor for 2007 - Collective re-approval of outside auditor's service schedule for 2007	- Approved as proposed Approved as proposed	-
<b>The fifth meeting of 2007</b>	June 28, 2007	- Issuance of Global Bond plan - Report on US-GAAP audit of the financial statements for the year ended December 31, 2007	- -	-
<b>The seventh meeting of 2007</b>	July 26, 2007	- Interim dividend plan - Financial results for the first half of 2007 - Report on K-GAAP audit of the financial statements for the first half of 2007 - Management audit results for the first half of 2007	- - - -	-

## C. Exercise of Voting Rights by the Shareholders

## (1) Use of the Cumulative Voting System



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a) Pursuant to the Articles of Incorporation, the cumulative voting system was first introduced in the General Meeting of Shareholders in 2003.

b) Articles of Incorporation

- Article 32 (3) (Election of Directors): Cumulative voting under Article 382-2 of the Commercial Code will not be applied for the election of directors.
- Article 4 of the 12<sup>th</sup> Supplement to the Articles of Incorporation (Interim Regulation): Article 32 (3) of the Articles of Incorporation shall remain effective until the day immediately preceding the date of the general shareholders meeting of 2003.

D. Compensation of Officers and Others

(1) Compensation of Directors (including Independent non-executive Directors) and Members of the Audit Committee  
(Unit: in million Won)

Classification	Total payment	Total amount approved by the		Remarks
		Meeting of Shareholders	Average payment per person	
Company directors	3,841	12,000	960	
Independent non-executive directors	311		40	Including members of the Audit Committee

(2) Granting and Exercise of Stock Options

All of the options granted by the Company in or after 2001, in the total amount of 109,550 shares, have expired and there are no options that remain outstanding. The exercise period for the stock options granted on March 8, 2002 (for 65,730 shares) was from March 8, 2005 to March 7, 2007, and all such options have expired without exercise.

**2. Affiliated Companies**

(1) Summary of Corporate Group

- Name: SK Group

(2) Capital Investments between Affiliated Companies

(As of July 24, 2007)

\* Based on common shares

Investing company	Invested companies							
	SK Corporation	SK Energy	SK Networks	SK Telecom	SKC	SK E&C	SK Shipping	SK Securities
SK Corporation	17.34%		40.58%	21.75%	43.51%		72.13%	
SK Energy								
SK Networks				1.34%		0.02%	17.71%	22.71%
SK Telecom								



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(As of July 24, 2007)

\* Based on common shares

Investing company	Invested companies							
	SK Corporation	SK Energy	SK Networks	SK Telecom	SKC	SK E&C	SK Shipping	SK Securities
SK Chemicals						58.03%		
SKC							10.16%	12.41%
SK E&C								
SK Shipping								
SK Securities								
Walkerhill								
SK C&C	11.16%	11.16%						
SK incheon oil								
Daehan City Gas								
SK Telink								
SK E&S								
SK Communications								
iHQ								
Empas								
<b>Total affiliated companies</b>	<b>11.16%</b>	<b>28.50%</b>	<b>40.58%</b>	<b>23.09%</b>	<b>43.51%</b>	<b>58.05%</b>	<b>100.00%</b>	<b>35.12%</b>

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Investing companies	Invested companies							
	Walkerhill	SK E&S	SK Gas	SK C&C	DOPCO	Cheongju Gas	Gumi Gas	Pohang Gas
SK Corporation		51.00%						
SK Energy					32.38%			
SK Networks	50.37%			15.00%	4.61%			
SK Telecom				30.00%				
SK Chemicals	0.25%							
SKC	7.50%							
SK E&C								
SK Shipping								
SK Securities								
Walkerhill								
SK C&C								
SK incheon oil					5.23%			
Daehan City Gas								
SK Telink								
SK E&S			45.53%			100.00%	100.00%	100.00%
SK Communications								
iHQ								
Empas								
<b>Total affiliated companies</b>	<b>58.12%</b>	<b>51.00%</b>	<b>45.53%</b>	<b>45.00%</b>	<b>42.22%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

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	Invested companies						Busan City
	Daehan City	Daehan	SK Sci-tech	K-Power 65.00%	SK NJC	SK Telink	
<b>Investing companies</b>	<b>Gas</b>	<b>Engineering</b>					<b>Gas</b>
<b>SK Corporation</b>							
<b>SK Eenergy</b>							
<b>SK Networks</b>							
<b>SK Telecom</b>						90.77%	
<b>SK Chemicals</b>			50.00%		60.00%		
<b>SKC</b>							
<b>SK E&amp;C</b>							
<b>SK Shipping</b>							
<b>SK Securities</b>							
<b>Walkerhill</b>							
<b>SK C&amp;C</b>							
<b>SK incheon oil</b>							
<b>Daehan City Gas</b>		100.00%					
<b>SK Telink</b>							
<b>SK E&amp;S</b>	40.00%						40.00%
<b>SK Communications</b>							
<b>iHQ</b>							
<b>Empas</b>							
<b>Total affiliated companies</b>	40.00%	100.00%	50.00%	65.00%	60.00%	90.77%	40.00%

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	<b>Invested companies</b>					
	<b>Jeonnam City</b>	<b>Gangwon City</b>	<b>Iksan City Gas</b>	<b>OK Cashbag Service</b>	<b>Chungnam City Gas</b>	<b>SK Wyverns</b>
<b>Investing companies</b>	<b>Gas</b>	<b>Gas</b>				
<b>SK Corporation</b>						
<b>SK Eenergy</b>				96.67%		
<b>SK Networks</b>						
<b>SK Telecom</b>				1.19%		99.99%
<b>SK Chemicals</b>						
<b>SKC</b>						
<b>SK E&amp;C</b>						
<b>SK Shipping</b>						
<b>SK Securities</b>						
<b>Walkerhill</b>						
<b>SK C&amp;C</b>						
<b>SK incheon oil</b>						
<b>Daehan City Gas</b>						
<b>SK Telink</b>						
<b>SK E&amp;S</b>	100.00%	100.00%	100.00%		100.00%	
<b>SK Communications</b>						
<b>iHQ</b>						
<b>Empas</b>						
<b>Total affiliated companies</b>	100.00%	100.00%	100.00%	97.86%	100.00%	99.99%

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Investing companies	Infosec	MRO Korea	Invested companies SK			
			Communications	SK Telesys	Innoace	AirCROSS
SK Corporation						
SK Energy						
SK Networks		51.00%			43.08%	
SK Telecom			85.90%		14.25%	100.00%
SK Chemicals						
SKC	20.63%			77.13%		
SK E&C						
SK Shipping						
SK Securities						
Walkerhill						
SK C&C	48.14%					
SK incheon oil						
Daehan City Gas						
SK Telink			1.18%			
SK E&S						
SK Communications						
iHQ						
Empas						
<b>Total affiliated companies</b>	<b>68.77%</b>	<b>51.00%</b>	<b>87.08%</b>	<b>77.13%</b>	<b>57.33%</b>	<b>100.00%</b>

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Investing companies	Encar network	Global C&I	Invested companies				
			Paxnet	TU Media	SK D&D	SK Utis	SK CTA
SK Corporation							
SK Energy	50.00%						33.67%
SK Networks							
SK Telecom		50.00%	59.74%	32.70%			
SK Chemicals						60.00%	
SKC							
SK E&C					44.98%		
SK Shipping							
SK Securities		40.00%					
Walkerhill							
SK C&C							
SK incheon oil							
Daehan City Gas							
SK Telink							
SK E&S							
SK Communications							
iHQ							
Empas							
Total affiliated companies	50.00%	90.00%	59.74%	32.70%	44.98%	60.00%	33.67%

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Investing companies	Invested companies						SK Incheon Oil
	Seoul Records	In2Gen	Independence	SK Petrochemical	SK Mobile Energy	SKC Media	
SK Corporation							
SK Energy					88.34%		90.63%
SK Networks							
SK Telecom	60.00%						
SK Chemicals		83.42%		100.00%			
SKC					11.66%	100.00%	
SK E&C							
SK Shipping							
SK Securities							
Walkerhill							
SK C&C			67.78%				
SK incheon oil							
Daehan City Gas							
SK Telink							
SK E&S							
SK Communications							
iHQ							
Empas							
<b>Total affiliated companies</b>	<b>60.00%</b>	<b>83.42%</b>	<b>67.78%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>90.63%</b>

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Investing companies	iHQ	YTN Media	Invested companies				Empas	Ecolgreen
			I Film Co.	NTREEV Soft	SK I-Media			
SK Corporation								
SK Energy								
SK Networks							55.00%	
SK Telecom	37.09%			66.69%				
SK Chemicals								
SKC								
SK E&C								
SK Shipping								
SK Securities								
Walkerhill								
SK C&C						40.00%		
SK incheon oil								
Daehan City Gas								
SK Telink								
SK E&S								
SK Communications						60.00%	24.43%	
IHQ		51.42%	45.00%					
Empas								
<b>Total affiliated companies</b>	<b>37.09%</b>	<b>51.42%</b>	<b>45.005</b>	<b>66.69%</b>	<b>100.00%</b>	<b>24.43%</b>	<b>55.00%</b>	

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	Investing companies	Invested companies		
		Pullbbang	Island	SKC Air Gas
SK Corporation				
SK Energy				
SK Networks		58.33%		
SK Telecom				
SK Chemicals				
SKC				80.00%
SK E&C				
SK Shipping				
SK Securities				
Walkerhill				
SK C&C				
SK incheon oil			50.00%	
Daehan City Gas				
SK Telink				
SK E&S				
SK Communications				
IHQ				
Empas				
<b>Total affiliated companies</b>		<b>58.33%</b>	<b>50.00%</b>	<b>80.00%</b>

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**Table of Contents****VI. SHARES****1. Distribution of Shares**

## A. Shareholdings of Major Shareholders and other Related Parties

(As of June 30, 2007)

(Unit: share, %)

Name	Relationship	Types of shares	Number of shares owned (equity rate)					
			Beginning Number of Owners	Increase	Decrease	Ending Number of Owners	Cause of change	
		shares	shares	ratio	shares	shares	ratio	change
<b>SK Corporation</b>	Parent company	Common stock	17,663,127	21.75		17,663,127	21.75	
<b>SK Networks</b>	Affiliated company	Common stock	1,085,325	1.34		1,085,325	1.34	
<b>Tae Won Choi</b>	Officer of affiliated company	Common stock	100	0.00		100	0.00	
<b>Shin Won Choi</b>	Officer of affiliated company	Common stock	770	0.00	70	770	0.00	
<b>Shin Bae Kim</b>	Director	Common stock	1,270	0.00		1,270	0.00	
<b>Dae Kyu Byun</b>	Director	Common stock	50	0.00		50	0.00	
<b>Jae Seung Yoon</b>	Director	Common stock	200	0.00		200	0.00	
<b>Bang Hyung Lee</b>	Director	Common stock	400	0.00		400	0.00	
<b>Sung Min Ha</b>	Director	Common stock	738	0.00		738	0.00	
<b>Total</b>		Common stock	18,751,980	23.10		18,751,980	23.10	
		Preferred stock	0	0		0	0	
		<b>Total</b>	18,751,980	23.10		18,751,980	23.10	

Largest shareholder: SK Corporation

Number of related parties: 8 persons

**Table of Contents****B. Shareholders with More than 5% Shareholding**

(As of June 30, 2007)

(Unit: share, %)

Rank	Name (title)	Common share		Preferred share		Sub-total	
		Number of shares	Ownership ratio	Number of shares	Ownership ratio	Number of shares	Ownership ratio
1	Citibank ADR	24,321,893	29.96			24,321,893	29.96
2	SK Corporation	17,663,127	21.75			17,663,127	21.75
3	SK Telecom	8,526,252	10.50			8,526,252	10.50
	<b>Total</b>	50,511,272	62.21			50,511,272	62.21

**C. Shareholder Distribution**

(As of June 30, 2007)

Classification	Number of		Number of		Remarks
	shareholders	Ratio (%)	shares	Ratio (%)	
<b>Total minority shareholders</b>	23,259	99.96	26,207,534	32.27	
<b>Minority shareholders (corporate)</b>	883	3.79	9,912,469	12.20	
<b>Minority shareholders (individual)</b>	22,376	96.16	16,295,065	20.06	
<b>Largest shareholder</b>	1	0.00	17,663,127	21.75	
<b>Major shareholders</b>					
<b>Other shareholders</b>	9	0.03	54,986,177	67.72	
<b>Other shareholders (corporate)</b>	7	0.03	29,293,172	36.07	
<b>Other shareholders (individual)</b>	2	0.00	25,693,005	31.64	
<b>Total</b>	23,268	100.00	81,193,711	100.00	

**Table of Contents****2. Share Price and Trading Volume in the Last Six Months**

## A. Domestic Securities Market

(Unit: Won, shares)

Types	June 2007	May 2007	April 2007	March 2006	February 2006	January 2006
<b>Common share</b>						
<b>Highest</b>	213,000	215,000	197,000	196,500	205,500	223,000
<b>Lowest</b>	200,000	200,500	188,500	190,500	193,500	196,500
<b>Monthly transaction volume</b>	4,251,318	4,493,840	4,900,458	4,158,566	4,619,096	4,003,944

## B. Overseas Securities Market

## New York Stock Exchange

(Unit: US\$, ADR)

Types	June 2007	May 2007	April 2007	March 2006	February 2006	January 2006
Depository receipt						
<b>Highest</b>	28.02	27.76	24.83	23.70	24.14	26.41
<b>Lowest</b>	26.11	25.46	23.41	22.51	22.46	23.03
<b>Monthly transaction volume</b>	23,520,924	39,284,124	31,587,540	24,665,014	22,246,378	16,942,200

**VII. EMPLOYEES**

(As of June 30, 2007)

(Unit: persons, in million Won)

Classification	Number of employees				Average service year	Total half year wage	Average wage per person	Remarks
	Office managerial positions	Production positions	Others	Total				
<b>Male</b>	3,884			3,884	8.83	116,646	30	
<b>Female</b>	561			561	7.79	13,699	24	
<b>Total</b>	4,445			4,445	8.70	130,345	29	

**Table of Contents****VIII. TRANSACTIONS WITH RELATED PARTIES****1. Transactions with the Largest Shareholder**

## A. Provisional Payment and Loans (including loans on marketable securities)

(As of June 30, 2007)

(Unit: in million Won)

Name (Corporate name)	Relationship	Account category	Change details			Accrued interest	Remarks
			Beginning	Increase	Decrease		
SK Wyverns	Affiliated company	Long-term and short-term loans	5,282		575	4,707	210

## B. Equity Investments

(As of June 30, 2007)

(Unit: in million Won)

Name (Corporatename)	Relationship	Types of Investment	Details				Note
			Beginning	Increase	Decrease	Ending	
SKT U.S.A. Holdings	Affiliated company	Common share	199,047	18,285		217,332	
AirCROSS	Affiliated company	Common share	300	2,140		2,440	
TU Media	Affiliated company	Common share	64,611	32,368		96,979	
China STC	Affiliated company	Common share	1,343	1,124		2,467	
<b>Total</b>			265,301	53,917		319,218	

**Table of Contents****2. Transactions with Shareholders (excluding the largest shareholder and others), Officers, Employees and other Interested Parties****A. Provisional Payment and Loans (including loans on marketable securities)**

\* Agents

(Unit: in million Won)

Name (Corporate name)	Relationship	Account category	Change details			Accrued Ending interest	Remarks
			Beginning	Increase	Decrease		
Hong Eun and others	Agency	Long-term and short-term loans	64,984	163,548	104,298	124,234	

\* Overseas investment companies

(Unit: in million Won)

Name (Corporate name)	Relationship	Account category	Change details			Accrued Ending interest	Remarks
			Beginning	Increase	Decrease		
DSS Mobile Com. (India)	Overseas Investment company	Long-term loans	18,887			18,887	Payment guarantee

B. Equity Investments

(Unit: in million Won)

Name (Corporate name)	Relationship	Types of Investment	Details				Remarks
			Beginning	Increase	Decrease	Ending	
Nayio Media, Inc.		Common share	248		248		
DCM V.L.P.				4,692		4,692	
Sky Lake Fund				352		352	
Centurion IT Investment Group			3,000		900	2,100	
KTB Investment Group			1,060		371	689	
Bridge Mobile Alliance				1,392		1,392	
KINX		Common share	54		54		

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Name (Corporate name)	Relationship	Types of Investment	Details			Ending	Remarks
			Beginning	Increase	Decrease		
NTS Company		Common share	95		95		
JS Tech		Common share	95		95		
P&T Telecom		Common share	95		95		
GN Solitech		Common share	95		95		
RF Solution		Common share	95		95		
Kyoungseo Telecom		Common share	95		95		
PWNT		Common share	95		95		
WithNet		Common share	95		95		
NS Tech		Common share	95		95		
Hangil Telecom		Common share	95		95		
M-Cube works		Common share	188		188		
<b>Total</b>			5,595	6,436	2,806	9,225	

**IX. OTHER RELEVANT MATTERS****1. Developments in the Items mentioned in prior Reports on Important Business Matters****A. Status and Progress of Major Management Events**

Date of Disclosure in Korea	Title	Report	Reports status
October 26, 2001	Resolution on trust agreement for the acquisition of treasury shares and others	1. Signatories: Shinhan Bank, Hana Bank, Cho Hung Bank, Korea Exchange Bank 2. Contract amount: Won 1,300 billion 3. Purpose: to increase shareholder value	1. On December 24, 2003, cash surplus amount from the existing trust agreement was partially reduced (Won 318 billion). 2. On September 24, 2004, the Board of Directors extended the term of the specified monetary trust agreement for 3 years.

3. As of June 30, 2007, the balance of specified monetary trust for treasury shares was Won 982 billion.

## 2. Summary Minutes of the Shareholders Meeting

<b>Date</b>	<b>Agenda</b>	<b>Resolution</b>
22 <sup>nd</sup> Fiscal Year Meeting of Shareholders (March 10, 2006)	1. Approval of the financial statements for the year ended December 31, 2005	Approved (Cash dividend, Won 8,000 per share)
	2. Amendment of the Articles of Incorporation	Approved (Addition of business objective: travel business)
	3. Remuneration limit for Directors	Approved (Won 12 billion)

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<b>Date</b>	<b>Agenda</b>	<b>Resolution</b>
	4. Election of Directors  (Election of Independent non-executive directors as Audit Committee members)	Approved (Kim Yong Woon and Im Hyun Jin)
23 <sup>rd</sup> Fiscal Year Meeting of Shareholders (March 9, 2007)	1. Approval of the financial statements for the year ended December 31, 2006	Approved (Cash dividend, Won 7,000 per share)
	2. Remuneration limit for Directors	Approved (Won 12 billion)
	3. Election of Directors	Approved (Jung Nam Cho, Sung Min Ha)
	- Election of executive directors - Election of independent non-executive directors as Audit Committee members	Approved (Dal Sup Shim)
<b>3. Contingent Liabilities</b>		
A. Material Legal Proceedings		
(1) Action for Monetary Damages		
a) Parties to the litigation: G.Mate Inc. (plaintiff) vs. the Company (defendant)		
b) Overview: G.Mate alleged that the Company had engaged G.Mate to develop and deliver certain PDA units, but that the Company subsequently refused to take delivery of such units. G.Mate sought approximately Won 4.5 billion in damages.		
c) Progress: An initial mediation process, which was requested by G.Mate, was terminated in January 2007. G.Mate commenced a lawsuit, which is currently pending at the Seoul Central District Court.		
d) Impact on business: In the event that the case is decided against the Company, there is a risk that the Company will be obligated to pay up to Won 4.5 billion in damages. But as G.Mate, to date, has been unable to produce detailed evidence in support of its claim and calculation of requested damages, the Company expects that the likelihood of a ruling against the Company to be low and the estimated impact on the Company's operations and finances should not be large; however, the actual results of the litigation and actual impact on impact on the Company's operations and finances may differ depending on future events.		
(2) Action Seeking to Vacate Judgment of the Intellectual Property Tribunal Nullifying Patent Registration Related to Caller Ring Service		
a) Parties to the litigation: Park Won Sup (plaintiff) vs. the Company (defendant)		
b) Overview: Mr. Park Won Sup (the representative director of Ad Ring Systems Co., Ltd.) claimed that certain technology the Company uses to provide the caller ring service infringed upon his patent rights, and the Company sought an administrative action to nullify Mr. Park's patent rights in the Intellectual Property Tribunal. The Tribunal upheld the nullification of Mr. Park's patent rights and Mr. Park appealed the decision.		
c) Progress: The Patent Court dismissed plaintiff's claim (September 2005), after which the plaintiff appealed.		



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- d) Impact on business: In the event that the case is decided against the Company, there is a risk of material future royalty obligations. However, given the progress of the proceedings, the estimated impact should not be large; however, the actual impact may differ depending on future events.
  - (3) Actions for the Cancellation of Key Communication Business Licenses and Allotment of Satellite DMB Frequency
    - a) Parties to the litigation: Korea Multinet vs. MIC (the Company is participating in the action on behalf of MIC)
    - b) Overview: Korea Multinet brought an administrative action against MIC to cancel the Company's key communication business licenses and the allotment of the Company's satellite DMB frequency.
    - c) Progress: The Seoul Administrative Court dismissed the claim in July 2006, and Korea Multinet has appealed to the Seoul Appellate Court where the lawsuit is currently pending.
    - d) Impact on business: The Company plans to provide full support to MIC in the action although no significant impact to the Company's business is expected; however, the actual impact may differ depending on future events.
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***SK TELECOM CO., LTD.***

***NON-CONSOLIDATED FINANCIAL STATEMENTS***

***FOR THE THREE MONTHS AND SIX MONTHS***

***ENDED JUNE 30, 2007 AND 2006***

***AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT***

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**Independent Accountants' Review Report**

English Translation of a Report Originally Issued in Korean

To the Stockholders and Board of Directors of

SK Telecom Co., Ltd.

We have reviewed the accompanying non-consolidated balance sheet of SK Telecom Co., Ltd. (the Company) as of June 30, 2007 and the related non-consolidated statements of income for the three months and six months ended June 30, 2007 and 2006 and non-consolidated cash flows for six months ended June 30, 2007 and 2006 and non-consolidated statement of stockholders' equity for six months ended June 30, 2007, all expressed in Korean won. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

We conducted our reviews in accordance with standards for review of interim financial statements in the Republic of Korea. Those standards require that we plan and perform the review to obtain moderate assurance as to whether the non-consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data, and this provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our reviews, nothing has come to our attention that causes us to believe that the financial statements referred to above are not presented fairly, in all material respects, in conformity with accounting principles generally accepted in the Republic of Korea.

We have previously audited, in accordance with auditing standards generally accepted in the Republic of Korea, the non-consolidated balance sheet of the Company as of December 31, 2006, and the related non-consolidated statements of income, appropriations of retained earnings and cash flows for the year then ended (not presented herein); and in our report dated February 14, 2007, we expressed an unqualified opinion on those non-consolidated financial statements. The accompanying balance sheet as of December 31, 2006, which is comparatively presented, does not differ in material respects from such audited non-consolidated balance sheet.

Our reviews also comprehended the translation of the Korean won amounts into U.S. dollar amounts and nothing has come to our attention that causes us to believe that such translation has not been made in conformity with the basis stated in Note 2(a). Such U.S. dollar amounts are presented solely for the convenience of readers of financial statements.

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Accounting principles and review standards and their application in practice vary among countries. The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. In addition, the procedures and practices utilized in the Republic of Korea to review such financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying financial statements are for use by those knowledgeable about Korean accounting principles and review standards and their application in practice.

July 27, 2007

**Notice to Readers**

This report is effective as of July 27, 2007, the accountants' review report date. Certain subsequent events or circumstances may have occurred between the accountants' review report date and the time the accountants' review report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modification to the accountants' review report.

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED BALANCE SHEETS**  
**June 30, 2007 AND DECEMBER 31, 2006**

	Korean won		Translation into U.S. dollars (Note 2)	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006
	(In millions)		(In thousands)	
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents (Notes 2 and 12)	₩ 272,314	₩ 241,100	\$ 295,159	\$ 261,327
Short-term financial instruments (Note 20)	87,657	61,953	95,011	67,150
Trading securities (Notes 2 and 3)	725,114	665,299	785,946	721,113
Current portion of long-term investment securities (Notes 2 and 3)	513	156	556	169
Accounts receivable – trade, net of allowance for doubtful accounts of ₩74,539 million as of June 30, 2007 and ₩88,285 million as of December 31, 2006 (Notes 2, 12 and 22)	1,625,505	1,700,650	1,761,874	1,843,323
Short-term loans, net of allowance for doubtful accounts of ₩876 million as of June 30, 2007 and ₩9,212 million as of December 31, 2006 (Notes 2, 5 and 22)	86,758	61,967	94,036	67,166
Accounts receivable – other, net of allowance for doubtful accounts of ₩28,436 million as of June 30, 2007 and ₩26,708 million as of December 31, 2006 (Notes 2, 12 and 22)	1,002,871	1,257,244	1,087,005	1,362,718
Inventories (Note 2)	20,508	16,439	22,228	17,818
Prepaid expenses	106,918	113,256	115,888	122,757
Current deferred income tax assets, net (Notes 2 and 17)	26,813	40,113	29,062	43,478
Currency swap (Notes 2 and 24)	15,732	16,660	17,052	18,058
Accrued income and other	19,679	14,488	21,331	15,704
<b>Total Current Assets</b>	<b>3,990,382</b>	<b>4,189,325</b>	<b>4,325,148</b>	<b>4,540,781</b>
<b>NON-CURRENT ASSETS:</b>				
Property and equipment, net (Notes 2, 6, 11, 21 and 22)	4,416,656	4,418,112	4,787,184	4,788,762
Intangible assets, net (Notes 2, 7, 11)	3,252,246	3,405,159	3,525,088	3,690,829
Long-term financial instruments (Note 20)	10,019	10,024	10,860	10,865
Long-term investment securities (Notes 2 and 3)	3,284,157	2,376,268	3,559,676	2,575,621
Equity securities accounted for using the equity method (Notes 2)	1,302,875	1,161,651	1,412,178	1,259,106

and 4)

Long-term loans, net of allowance for doubtful accounts of ₩24,064 million as of June 30, 2007 and ₩23,148 million as of December 31, 2006 (Notes 2, 5 and 22)	44,851	12,828	48,614	13,904
Guarantee deposits, net of allowance for doubtful accounts of ₩163 million as of June 30, 2007 and December 31, 2006 (Notes 2, 12 and 22)	113,252	120,006	122,753	130,074
Long-term currency swap (Notes 2 and 24)	1,403		1,521	
Long-term interest rate swap (Notes 2 and 24)	1,555		1,685	
Long-term deposits and other	123,166	120,680	133,499	130,805
Total Non-current Assets	12,550,180	11,624,728	13,603,058	12,599,966
TOTAL ASSETS	₩ 16,540,562	₩ 15,814,053	\$ 17,928,206	\$ 17,140,747

(Continued)



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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED BALANCE SHEETS (CONTINUED)**  
**June 30, 2007 AND DECEMBER 31, 2006**

	Korean won		Translation into U.S. dollars (Note 2)	
	June 30, 2007 (In millions)	December 31, 2006 (In millions)	June 30, 2007 (In thousands)	December 31, 2006 (In thousands)
<b>LIABILITIES AND STOCKHOLDERS</b>				
<b>EQUITY</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable (Notes 12 and 22)	₩ 988,588	₩ 1,107,786	\$ 1,071,524	\$ 1,200,722
Income tax payable (Note 17)	342,437	331,496	371,165	359,306
Accrued expenses (Notes 2 and 23)	381,741	373,865	413,767	405,230
Dividend payable	300	268	325	290
Withholdings	251,441	327,895	272,535	355,403
Current portion of long-term debt, net (Notes 2, 8 and 11)	1,105,210	794,186	1,197,930	860,813
Current portion of subscription deposits (Note 10)	8,906	15,760	9,653	17,082
Advanced receipts and other	23,147	34,364	25,089	37,248
<b>Total Current Liabilities</b>	<b>3,101,770</b>	<b>2,985,620</b>	<b>3,361,988</b>	<b>3,236,094</b>
<b>NON-CURRENT LIABILITIES:</b>				
Bonds payable, net (Notes 2 and 8)	1,691,183	1,978,874	1,833,062	2,144,888
Long-term borrowings (Note 9)	292,680	292,960	317,234	317,537
Subscription deposits (Note 10)	19,643	21,140	21,291	22,914
Long-term payables other, net of present value discount of ₩27,985 million as of June 30, 2007 and ₩42,461 million as of December 31, 2006 (Note 2)	422,015	517,539	457,419	560,957
Obligations under capital lease (Notes 2 and 11)		1,642		1,780
Accrued severance indemnities, net (Note 2)	24,819	9,568	26,901	10,371
Non-current deferred income tax liabilities, net (Notes 2 and 17)	696,223	530,454	754,631	574,956
Long-term currency swap (Notes 2 and 24)	112,831	112,970	122,297	122,447
Long-term interest rate swap (Notes 2 and 24)		454		492
Guarantee deposits received and other (Notes 2, 22 and 23)	37,896	56,404	41,076	61,135

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Total Non-Current Liabilities	3,297,290	3,522,005	3,573,911	3,817,477
Total Liabilities	6,399,060	6,507,625	6,935,899	7,053,571
STOCKHOLDERS EQUITY:				
Capital stock (Notes 1 and 13)	44,639	44,639	48,384	48,384
Capital surplus (Notes 2, 8, 13, 16 and 17)	2,965,945	2,962,699	3,214,768	3,211,250
Capital adjustments:				
Treasury stock (Notes 1 and 15)	(2,014,927)	(2,014,927)	(2,183,966)	(2,183,966)
Loss on disposal of treasury stock (Notes 15 and 17)	(7,550)	(7,887)	(8,183)	(8,549)
Stock options (Notes 2 and 16)		3,246		3,518
Accumulated other comprehensive income (Note 18):				
Unrealized gain on valuation of long-term investment securities, net (Notes 2, 3 and 17)	811,564	408,521	879,649	442,793
Equity in other comprehensive income of affiliates, net (Notes 2, 4 and 17)	218,322	82,200	236,638	89,096
Loss on valuation of currency swap, net (Notes 2, 17 and 24)	(13,284)	(16,487)	(14,398)	(17,870)
Gain (loss) on valuation of interest swap, net (Notes 2, 17 and 24)	1,128	(329)	1,223	(357)
Retained earnings (Note 14):				
Appropriated	7,335,037	6,679,234	7,950,398	7,239,578
Before appropriations	800,628	1,165,519	867,794	1,263,299
Total Stockholders Equity	10,141,502	9,306,428	10,992,307	10,087,176
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	₩ 16,540,562	₩ 15,814,053	\$ 17,928,206	\$ 17,140,747

See accompanying notes to non-consolidated financial statements.

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2007 AND 2006**

	Korean won				Translation into U.S. dollars (Note 2)			
	2007		2006		2007		2006	
	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30
	(In millions except for per share data)				(In thousands except for per share data)			
OPERATING REVENUE (Notes 2 and 22)	₩ 2,842,592	₩ 5,554,323	₩ 2,638,332	₩ 5,178,646	\$ 3,081,067	\$ 6,020,294	\$ 2,859,670	\$ 5,613,100
OPERATING EXPENSES (Note 2):								
Labor cost	(63,880)	(221,217)	(60,908)	(219,830)	(69,239)	(239,776)	(66,018)	(238,272)
Commissions paid (Notes 2 and 22)	(990,862)	(1,868,924)	(875,244)	(1,591,529)	(1,073,989)	(2,025,714)	(948,671)	(1,725,048)
Depreciation and amortization (Notes 6 and 7)	(410,232)	(771,933)	(344,596)	(673,524)	(444,648)	(836,693)	(373,505)	(730,028)
Network interconnection	(254,428)	(487,698)	(268,892)	(504,338)	(275,773)	(528,613)	(291,450)	(546,649)
Leased line	(98,475)	(196,263)	(98,868)	(197,611)	(106,736)	(212,728)	(107,162)	(214,189)
Advertising	(76,474)	(127,427)	(80,176)	(137,662)	(82,890)	(138,117)	(86,902)	(149,211)
Research and development (Note 2)	(47,216)	(98,394)	(48,925)	(101,755)	(51,177)	(106,649)	(53,029)	(110,292)
Rent	(50,428)	(96,742)	(46,052)	(93,640)	(54,659)	(104,858)	(49,915)	(101,496)
Frequency usage	(40,303)	(81,323)	(39,911)	(78,310)	(43,684)	(88,145)	(43,259)	(84,880)
Repair	(39,424)	(69,989)	(35,508)	(62,941)	(42,731)	(75,861)	(38,487)	(68,221)
Cost of goods sold	(16,187)	(26,951)	(7,987)	(12,620)	(17,545)	(29,212)	(8,657)	(13,679)
Other	(92,454)	(183,248)	(111,976)	(217,496)	(100,210)	(198,621)	(121,372)	(235,742)
Sub-total	(2,180,363)	(4,230,109)	(2,019,043)	(3,891,256)	(2,363,281)	(4,584,987)	(2,188,427)	(4,217,707)
OPERATING INCOME	662,229	1,324,214	619,289	1,287,390	717,786	1,435,307	671,243	1,395,393

OTHER								
INCOME:								
Interest income (Note 3)	18,057	34,828	17,263	36,358	19,572	37,750	18,711	39,408
Dividends		14,893	369	15,376		16,142	400	16,666
Commissions (Note 22)	9,940	22,888	7,379	17,959	10,774	24,808	7,998	19,466
Equity in earnings of affiliates (Notes 2 and 4)	11,616	16,295	16,999	33,416	12,591	17,662	18,425	36,219
Foreign exchange and translation gains (Note 2)	222	328	1,375	2,044	241	356	1,490	2,215
Reversal of allowance for doubtful accounts	36	439	202	34	39	476	219	37
Gain on disposal of investment assets	1,473	1,930	690	2,469	1,597	2,092	748	2,676
Gain on disposal of property and equipment and intangible assets	1,151	5,718	532	754	1,248	6,198	577	817
Gain on valuation of currency swap (Notes 2 and 24)	10,027				10,868			
Other	7,842	18,416	7,609	22,244	8,498	19,960	8,248	24,111
Sub-total	60,364	115,735	52,418	130,654	65,428	125,444	56,816	141,615

(Continued)

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)**  
**FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2007 AND 2006**

	Korean won				Translation into U.S. dollars (Note 2)			
	2007		2006		2007		2006	
	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30
	(In millions except for per share data)				(In thousands except for per share data)			
<b>OTHER EXPENSES:</b>								
Interest and discounts (Note 2)	(53,892)	(108,411)	(59,007)	(116,790)	(58,413)	(117,506)	(63,957)	(126,588)
Donations	(9,281)	(27,576)	(4,836)	(21,519)	(10,060)	(29,889)	(5,242)	(23,324)
Foreign exchange and translation losses (Note 2)	(308)	(446)	(560)	(1,440)	(334)	(483)	(607)	(1,561)
Loss on valuation of currency swap (Notes 2 and 24)		(1,768)	(3,828)	(9,125)		(1,916)	(4,149)	(9,891)
Equity in losses of affiliates (Notes 2 and 4)	(60,369)	(110,085)	(32,089)	(56,292)	(65,434)	(119,320)	(34,781)	(61,015)
Impairment loss on investment securities	(2,350)	(2,350)			(2,547)	(2,547)		
Loss on disposal of investment assets	(6)	(9)	(1,917)	(2,705)	(7)	(10)	(2,078)	(2,932)
Loss on disposal of property, equipment and intangible assets	(12,502)	(13,778)	-12,807	(13,634)	(13,551)	(14,934)	(13,881)	(14,778)

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Special severance indemnities (Note 2)			-3,426	(144,021)			(3,713)	(156,103)
External research and development cost (Note 2)	(20,421)	(38,187)	-16,306	(33,348)	(22,134)	(41,391)	(17,674)	(36,146)
Other	(4,139)	(14,223)	-10,547	(14,468)	(4,485)	(15,417)	(11,432)	(15,680)
Sub-total	(163,268)	(316,833)	(145,323)	(413,342)	(176,965)	(343,413)	(157,514)	(448,018)
ORDINARY INCOME	559,325	1,123,116	526,384	1,004,702	606,249	1,217,338	570,545	1,088,990
INCOME BEFORE INCOME TAX	559,325	1,123,116	526,384	1,004,702	606,249	1,217,338	570,545	1,088,990
PROVISION FOR INCOME TAX (Notes 2 and 17)	(156,051)	(323,532)	(153,046)	(294,204)	(169,143)	(350,674)	(165,886)	(318,886)
NET INCOME (Note 18)	₩ 403,274	₩ 799,584	₩ 373,338	₩ 710,498	\$ 437,106	\$ 866,664	\$ 404,659	\$ 770,104
NET INCOME PER SHARE (In Korean won and U.S. dollars) (Note 19)	₩ 5,550	₩ 11,003	₩ 5,068	₩ 9,648	\$ 6,016	\$ 11,926	\$ 5,493	\$ 10,457
DILUTED NET INCOME PER SHARE (In Korean won and U.S. dollars)	₩ 5,468	₩ 10,841	₩ 4,996	₩ 9,511	\$ 5,927	\$ 11,750	\$ 5,415	\$ 10,309

(Note 19)

See accompanying notes to non-consolidated financial statements.

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006**

	Korean won		Translation into U.S. dollars (Note 2)	
	2007	2006	2007	2006
	(In millions)		(In thousands)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net income	₩ 799,584	₩ 710,498	\$ 866,664	\$ 770,104
Expenses not involving cash payments:				
Provision for severance indemnities	17,181	26,844	18,622	29,096
Depreciation and amortization	833,321	739,214	903,231	801,229
Allowance for doubtful accounts	26,410	29,616	28,626	32,101
Foreign translation loss	108	526	117	569
Loss on valuation of currency swap	1,768	9,125	1,916	9,891
Impairment loss on investment securities	2,350		2,547	
Equity in losses of affiliates	110,085	56,292	119,320	61,015
Loss on disposal of investment assets	9	2,705	10	2,932
Loss on disposal of property, equipment and intangible assets	13,778	13,634	14,934	14,778
Amortization of discounts on bonds and other	21,982	24,429	23,827	26,478
Sub-total	1,026,992	902,385	1,113,150	978,089
Income not involving cash receipts:				
Foreign translation gain	(40)	(219)	(43)	(237)
Reversal of allowance for doubtful accounts	(439)	(34)	(476)	(37)
Equity in earnings of affiliates	(16,295)	(33,416)	(17,662)	(36,219)
Gain on disposal of investment assets	(1,930)	(2,469)	(2,092)	(2,676)
Gain on disposal of property and equipment and intangible assets	(5,718)	(754)	(6,198)	(817)
Other	(196)	(1,533)	(212)	(1,663)
Sub-total	(24,618)	(38,425)	(26,683)	(41,649)
Changes in assets and liabilities related to operating activities:				



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Accounts receivable trade	51,462	70,904	55,779	76,852
Accounts receivable other	252,010	22,090	273,152	23,943
Inventories	(4,070)	(1,481)	(4,411)	(1,605)
Prepaid expenses	30,457	28,971	33,012	31,401
Advanced payments and other	(5,176)	9,388	(5,610)	10,176
Accounts payable	(119,170)	(56,348)	(129,168)	(61,075)
Income tax payable	7,497	(45,891)	8,126	(49,741)
Accrued expenses	(6,996)	93,907	(7,583)	101,785
Withholdings	(76,453)	89,358	(82,867)	96,855
Current portion of subscription deposits	(6,854)	579	(7,429)	628
Advanced receipts and other	(11,218)	2,945	(12,158)	3,191
Deferred income taxes	(23,358)	(35,675)	(25,318)	(38,668)
Severance indemnity payments	(2,765)	(257,120)	(2,997)	(278,691)
Deposits for group severance indemnities and other deposits	714	183,645	774	199,052
Dividends received from affiliate	7,134	1,318	7,732	1,429
Sub-total	93,214	106,590	101,034	115,532
Net Cash Provided by Operating Activities	1,895,172	1,681,048	2,054,165	1,822,076

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006**

	Korean won		Translation into U.S. dollars	
	2007	2006	2007	2006
	(In millions)		(In thousands)	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Cash inflows from investing activities:				
Decrease in long-term financial instruments	₩ 5	₩	\$ 5	\$
Decrease in current portion of long-term investment securities	64		69	
Collection of short-term loans	51,709	58,708	56,047	63,633
Proceeds from sales of long-term investment securities	3,303	113,745	3,580	123,287
Proceeds from sales of equity securities accounted for using the equity method	900	5,079	976	5,505
Decrease in guarantee deposits	16,479	20,299	17,861	22,002
Decrease in other non-current assets	4,152	8,775	4,501	9,512
Proceeds from disposal of property and equipment	19,996	1,814	21,674	1,966
Proceeds from disposal of intangible assets	4,136	56	4,483	61
 Sub-total	 100,744	 208,476	 109,196	 225,966
 Cash outflows for investing activities :				
Acquisition of short-term financial instruments	(25,704)	(110,703)	(27,860)	(119,990)
Acquisition of trading securities	(59,814)	(177,973)	(64,832)	(192,904)
Extension of short-term loans	(46,433)	(51,920)	(50,328)	(56,276)
Extension of long-term loans	(62,103)	(2,985)	(67,313)	(3,235)
Acquisition of long-term investment securities	(356,448)	(3,050)	(386,352)	(3,306)
Acquisition of equity securities accounted for using the equity method	(53,918)	(145,888)	(58,441)	(158,127)
Increase in guarantee deposits and other non-current assets	(40,506)	(92,339)	(43,905)	(100,086)
Acquisition of property and equipment	(698,023)	(431,132)	(756,582)	(467,301)
Increase in intangible assets	(12,999)	(5,650)	(14,090)	(6,124)
 Sub-total	 (1,355,948)	 (1,021,640)	 (1,469,703)	 (1,107,349)

Net Cash Used in Investing Activities	(1,255,204)	(813,164)	(1,360,507)	(881,383)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Cash inflows from financing activities:				
Proceeds from long-term borrowings		200,000		216,779
Increase in guarantee deposits received and other	3,736	1,175	4,049	1,274
Sub-total	3,736	201,175	4,049	218,053
Cash outflows for financing activities:				
Repayment of current portion of long-term debt	(94,980)	(7,489)	(102,948)	(8,117)
Payment of dividends	(508,639)	(588,936)	(551,310)	(638,344)
Decrease in subscription deposits	(1,497)	(1,411)	(1,623)	(1,529)
Decrease in guarantee deposite and other	(7,374)	(1,862)	(7,994)	(2,019)
Sub-total	(612,490)	(599,698)	(663,875)	(650,009)
Net Cash Used in Financing Activities	(608,754)	(398,523)	(659,826)	(431,956)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>31,214</b>	<b>469,361</b>	<b>33,832</b>	<b>508,737</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>241,100</b>	<b>151,766</b>	<b>261,327</b>	<b>164,498</b>