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SK TELECOM CO LTD  
Form 6-K  
May 25, 2004

1934 Act Registration No. 1-14418

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 MAY 2004

SK TELECOM CO., LTD.  
(Translation of registrant's name into English)

99, Seorin-dong  
Jongro-gu  
Seoul, 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 whether the registrant by furnishing the information contained in this Form 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- .)

This report on Form 6-K shall be deemed to be incorporated by reference in the prospectuses included in Registration Statements on Form F-3 (File Nos. 333-91034 and 333-99073) filed with the Securities and Exchange Commission and to be a part thereof from the date on which this report is filed, to the extent not superseded by documents or reports subsequently filed or furnished.

Included in this report on Form 6-K are our unaudited non-consolidated financial statements as of December 31, 2003 and March 31, 2004 and for the three months ended March 31, 2003 and 2004 prepared on the basis of financial

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statements included in the reports we filed with the Financial Supervisory Commission of Korea and the Korea Stock Exchange. Korean GAAP differs in significant respects from U.S. GAAP.

These financial statements are non-consolidated, and therefore do not reflect the results of operations or assets of our subsidiaries other than those reflected under the equity method of accounting. While non-consolidated net income reflects the results of our consolidated subsidiaries, our other non-consolidated financial data, including operating revenue and operating income, do not. Accordingly, we believe that while there should not be any material differences between our net income on a non-consolidated basis and our net income on a consolidated basis, our other financial data, including those items noted above, may be materially different on a consolidated basis. As a result, the financial information included in this report is not comparable with our consolidated financial information presented in our annual reports filed on Form 20-F.

Under Korean GAAP, our non-consolidated revenues accounted for approximately 92.6% and 92.7% of our consolidated revenues in 2002 and 2003, respectively, and at December 31, 2002 and 2003 our non-consolidated assets were approximately 89.4% and 96.8% of our consolidated assets and our non-consolidated current assets were approximated 66.8% and 85.0% of our consolidated current assets. We can give no assurance as to what the actual ratios will be for 2004. In addition, results of operations for the first three months of 2004 may not be indicative of results of operations for the full year 2004.

Accounting principles and their application in practice vary among countries. The accompanying interim non-consolidated 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. Accordingly, this report and the accompanying interim non-consolidated financial statements are for use by those knowledgeable about Korean accounting principles and review standards and their application in practice.

### SK TELECOM CO., LTD. NON-CONSOLIDATED BALANCE SHEETS MARCH 31, 2004 AND DECEMBER 31, 2003

| A S S E T S  | In millions of Korean won |           | In thou |
|--|---------------------------|-----------|---------|
|  | 2004                      | 2003      | 2004    |
| <b>CURRENT ASSETS:</b>   |                           |           |         |
| Cash and cash equivalents (Note 12)  | W 12,850                  | W 28,393  | \$ 11   |
| Short-term financial instruments (Note 12)   | 132,252                   | 100,513   | 115     |
| Trading securities (Notes 2 and 3)   | 620,642                   | 858,739   | 541     |
| Current portion of long-term investment securities<br>(Notes 2 and 3)  | 52,483                    | 85,861    | 45      |
| Accounts receivable - trade, net of allowance<br>for doubtful accounts of W55,877 million in<br>2004 and W56,805 million in 2003<br>(Notes 2, 12 and 21) | 1,422,464                 | 1,438,836 | 1,240   |
| Short-term loans, net of allowance for doubtful<br>accounts of W609 million in 2004 and W516 million   |                           |           |         |

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|   |             |             |          |
|---|-------------|-------------|----------|
| in 2003 (Notes 2, 5 and 21)   | 60,271      | 51,102      | 52       |
| Accounts receivable - other, net of allowance<br>for doubtful accounts of W15,775 million in 2004<br>and W15,979 million in 2003 (Notes 2, 12 and 21) | 1,212,653   | 811,496     | 1,057    |
| Inventories (Note 2)  | 8,308       | 8,024       | 7        |
| Accrued income and other  | 104,100     | 77,742      | 90       |
| Total Current Assets  | 3,626,023   | 3,460,706   | 3,162    |
| NON-CURRENT ASSETS:   |             |             |          |
| Property and equipment, net (Notes 2, 6, 19 and 20)   | 4,358,192   | 4,551,626   | 3,800    |
| Intangible assets, net (Notes 2 and 7)  | 3,532,501   | 3,600,268   | 3,080    |
| Long-term investment securities (Notes 2 and 3)   | 859,080     | 855,195     | 749      |
| Equity securities accounted for using the equity method<br>(Notes 2 and 4)  | 693,446     | 563,539     | 604      |
| Long-term loans, net of allowance for doubtful<br>accounts of W19,282 million in 2004 and<br>W19,502 million in 2003 (Notes 2, 5 and 21)              | 39,081      | 41,591      | 34       |
| Guarantee deposits (Notes 12 and 21)  | 248,558     | 246,004     | 216      |
| Long-term deposits and other (Notes 19 and 21)  | 57,674      | 57,030      | 50       |
| Total Non-Current Assets  | 9,788,532   | 9,915,253   | 8,536    |
| TOTAL ASSETS  | W13,414,555 | W13,375,959 | \$11,698 |

(Continued)

SK TELECOM CO., LTD.  
NON-CONSOLIDATED BALANCE SHEETS (CONTINUED)  
MARCH 31, 2004 AND DECEMBER 31, 2003

|   | In millions of Korean won |             | In thousand |
|---|---------------------------|-------------|-------------|
|   | 2004                      | 2003        | 2004        |
| LIABILITIES AND STOCKHOLDERS' EQUITY  |                           |             |             |
| CURRENT LIABILITIES:  |                           |             |             |
| Accounts payable (Notes 12 and 21)  | W 773,744                 | W 1,117,835 | \$ 674,75   |
| Short-term borrowings   | 575,676                   | 728,669     | 502,02      |
| Income taxes payable  | 405,869                   | 399,852     | 353,94      |
| Accrued expenses  | 366,703                   | 401,245     | 319,79      |
| Current portion of long-term debt, net<br>(Notes 2, 8, 9, 11 and 19)  | 1,134,013                 | 1,364,264   | 988,93      |
| Current portion of facility deposits  | 11,972                    | 10,824      | 10,44       |
| Currency forward contract (Notes 2 and 22)  | 22                        | -           | 1           |
| Other (Note 21)   | 701,180                   | 209,285     | 611,47      |
| Total Current Liabilities   | 3,969,179                 | 4,231,974   | 3,461,39    |
| LONG-TERM LIABILITIES:  |                           |             |             |
| Bonds payable, net (Notes 2 and 8)  | 2,407,921                 | 2,256,644   | 2,099,87    |
| Long-term borrowings (Notes 9 and 19)   | -                         | 1,633       |             |
| Facility deposits (Note 10)   | 41,238                    | 44,197      | 35,96       |
| Long-term payables - other, net of present value<br>discount of W82,764 million in 2004 and<br>W85,881 million in 2003 (Note 2) | 567,236                   | 564,119     | 494,66      |
| Accrued severance indemnities, net (Note 2)   | 73,867                    | 63,663      | 64,41       |

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|   |             |             |              |
|---|-------------|-------------|--------------|
| Deferred income tax liabilities (Notes 2 and 17)                                | 282,008     | 242,057     | 245,930      |
| Currency swap contract (Notes 2 and 22)   | 4,931       | -           | 4,300        |
| Other (Note 21)   | 32,131      | 29,834      | 28,020       |
|   | -----       | -----       | -----        |
| Total Long-Term Liabilities   | 3,409,332   | 3,202,147   | 2,973,160    |
|   | -----       | -----       | -----        |
| Total Liabilities   | 7,378,511   | 7,434,121   | 6,434,560    |
|   | -----       | -----       | -----        |
| STOCKHOLDERS' EQUITY:   |             |             |              |
| Capital stock (Notes 1 and 13)  | 44,639      | 44,639      | 38,920       |
| Capital surplus (Note 13)   | 2,915,964   | 2,915,964   | 2,542,910    |
| Retained earnings:  |             |             |              |
| Appropriated (Note 14)  | 4,733,936   | 4,743,822   | 4,128,310    |
| Unappropriated  | 454,049     | 396,527     | 395,960      |
| Capital adjustments:  |             |             |              |
| Treasury stock (Note 15)  | (2,047,105) | (2,047,103) | (1,785,210)  |
| Unrealized loss on valuation of long-term investment securities (Notes 2 and 3) | (160,048)   | (156,948)   | (139,570)    |
| Equity in capital adjustments of affiliates (Notes 2 and 4)                     | 90,585      | 41,196      | 78,990       |
| Stock options (Notes 2 and 16)  | 4,024       | 3,741       | 3,510        |
|   | -----       | -----       | -----        |
| Total Stockholders' Equity  | 6,036,044   | 5,941,838   | 5,263,830    |
|   | -----       | -----       | -----        |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY                                      | W13,414,555 | W13,375,959 | \$11,698,400 |
|   | =====       | =====       | =====        |

See accompanying Notes to Non-Consolidated Financial Statements

SK TELECOM CO., LTD.  
NON-CONSOLIDATED STATEMENTS OF INCOME  
THREE MONTHS ENDED MARCH 31, 2004 AND 2003

|                                     | In millions of Korean won,<br>except for per share data |             |              |
|-------------------------------------|---|-------------|--------------|
|                                     | 2004  | 2003        |              |
|                                     | -----   | -----       | -----        |
| OPERATING REVENUE (Note 21)         | W 2,400,568   | W 2,242,746 | \$ 2,000,000 |
|                                     | -----   | -----       | -----        |
| OPERATING EXPENSES (Notes 2 and 21) |   |             |              |
| Labor cost                          | (150,900)   | (114,660)   |              |
| Commissions paid                    | (651,940)   | (525,085)   |              |
| Depreciation and amortization       | (343,203)   | (315,180)   |              |
| Network interconnection             | (167,568)   | (181,112)   |              |
| Leased line                         | (82,001)  | (72,894)    |              |
| Advertising                         | (91,645)  | (92,696)    |              |
| Cost of goods sold                  | (322)   | (5,087)     |              |
| Other                               | (221,818)   | (185,094)   |              |
|                                     | -----   | -----       | -----        |
| Sub-total                           | (1,709,397)   | (1,491,808) | (1,500,000)  |
|                                     | -----   | -----       | -----        |
| OPERATING INCOME                    | 691,171   | 750,938     | \$ 700,000   |
|                                     | -----   | -----       | -----        |
| OTHER INCOME:                       |   |             |              |
| Interest income                     | 19,209  | 11,813      |              |
| Dividends                           | 17,529  | 85          |              |
| Commissions (Note 21)               | 8,804   | 20,793      |              |

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|  |           |           |       |
|--|-----------|-----------|-------|
| Foreign exchange and translation gains (Note 2)                                | 9,479     | 2,453     |       |
| Reversal of allowance for doubtful accounts                                    | 1,574     | -         |       |
| Gain on disposal of property, equipment<br>and intangible assets               | 57        | 281       |       |
| Equity in earnings of affiliates (Notes 2 and 4)                               | 23,765    | -         |       |
| Other  | 9,522     | 13,270    |       |
|  | -----     | -----     | ----- |
| Sub-total  | 89,939    | 48,695    |       |
|  | -----     | -----     | ----- |
| OTHER EXPENSES:  |           |           |       |
| Interest and discounts   | (76,044)  | (86,734)  |       |
| Donations  | (1,184)   | (3,984)   |       |
| Foreign exchange and translation losses (Note 2)                               | (1,900)   | (11,796)  |       |
| Loss on disposal of property, equipment and<br>intangible assets               | (6,672)   | (2,194)   |       |
| Loss on impairment of long-term investment<br>securities (Notes 2 and 3)       | -         | (16,417)  |       |
| Loss on disposal of investment assets  | -         | (77)      |       |
| Loss on disposal of equity securities<br>accounted for using the equity method | (806)     | -         |       |
| Equity in losses of affiliates (Notes 2 and 4)                                 | -         | (11,405)  |       |
| Loss on valuation of derivative instruments<br>(Notes 2 and 22)                | (4,953)   | -         |       |
| Other  | (19,279)  | (16,872)  |       |
|  | -----     | -----     | ----- |
| Sub-total  | (110,838) | (149,479) |       |
|  | -----     | -----     | ----- |
| INCOME BEFORE INCOME TAXES   | W 670,272 | W 650,154 | \$    |
|  | -----     | -----     | ----- |

(Continued)

SK TELECOM CO., LTD.  
NON-CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)  
THREE MONTHS ENDED MARCH 31, 2004 AND 2003

|   | In millions of Korean won,<br>except for per share data |            | In     |
|---|---|------------|--------|
|   | 2004  | 2003       | except |
|   | -----   | -----      | -----  |
| PROVISION FOR INCOME TAXES (Notes 2 and 17) | (W217,757)  | (W201,480) | (\$189 |
|   | -----   | -----      | -----  |
| NET INCOME                                  | W 452,515   | W 448,674  | \$ 394 |
|   | =====   | =====      | =====  |
| NET INCOME PER SHARE                        |   |            |        |
| (In Korean won and U.S. dollars) (Note 18)  | W 6,147   | W 5,872    | \$     |
|   | =====   | =====      | =====  |

See accompanying Notes to Non-Consolidated Financial Statements

SK TELECOM CO., LTD.  
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2004 AND 2003

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|   | In millions of Korean won |           | In th  |
|---|---------------------------|-----------|--------|
|   | 2004                      | 2003      | 200    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                |                           |           |        |
| Net income  | W 452,515                 | W 448,674 | \$ 394 |
| <b>Expenses not involving cash payments:</b>                                |                           |           |        |
| Depreciation and amortization   | 371,791                   | 343,331   | 324    |
| Provision for severance indemnities   | 16,565                    | 11,565    | 14     |
| Allowance for doubtful accounts   | 103                       | 3,891     |        |
| Foreign currency translation loss   | 1,679                     | 11,540    | 1      |
| Loss on disposal of property, equipment and intangible assets               | 6,672                     | 2,194     | 5      |
| Loss on impairment of long-term investment securities                       | -                         | 16,417    |        |
| Loss on disposal of investment assets                                       | -                         | 77        |        |
| Loss on disposal of equity securities accounted for using the equity method | 806                       | -         |        |
| Equity in losses of affiliates  | -                         | 11,405    |        |
| Loss on valuation of derivative instruments                                 | 4,953                     | -         | 4      |
| Amortization of discounts on bonds and other                                | 8,780                     | 6,647     | 7      |
| Sub-total   | 411,349                   | 407,067   | 358    |
| <b>Income not involving cash receipts:</b>                                  |                           |           |        |
| Foreign currency translation gain   | (9,165)                   | (2,020)   | (7     |
| Reversal of allowance for doubtful accounts                                 | (1,574)                   | -         | (1     |
| Gain on disposal of property, equipment and intangible assets               | (57)                      | (281)     |        |
| Equity in earnings of affiliates  | (23,765)                  | -         | (20    |
| Other   | (2,546)                   | (503)     | (2     |
| Sub-total   | (37,107)                  | (2,804)   | (32    |
| <b>Changes in assets and liabilities related to operating activities:</b>   |                           |           |        |
| Accounts receivable - trade   | 17,389                    | 33,361    | 15     |
| Accounts receivable - other   | (401,093)                 | (294,145) | (349   |
| Inventories   | (285)                     | 846       |        |
| Deposits for group severance indemnities and other deposits                 | 2,412                     | 2,523     | 2      |
| Accrued income and other  | (15,981)                  | (32,868)  | (13    |
| Accounts payable  | (343,989)                 | (684,235) | (299   |
| Income taxes payable  | 6,259                     | 28,531    | 5      |
| Accrued expenses  | (34,542)                  | 5,258     | (30    |
| Current portion of facility deposits  | 1,147                     | (19)      | 1      |
| Other current liabilities   | 87,038                    | 101,000   | 75     |
| Deferred income taxes   | 39,709                    | 4,152     | 34     |
| Severance indemnity payments  | (9,290)                   | (5,057)   | (8     |
| Sub-total   | (651,226)                 | (840,653) | (567   |
| Net Cash Provided by Operating Activities                                   | 175,531                   | 12,284    | 153    |

(Continued)

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NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)  
THREE MONTHS ENDED MARCH 31, 2004 AND 2003

|  | In millions of Korean won |           | In t  |
|--|---------------------------|-----------|-------|
|  | 2004                      | 2003      | 20    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                   |                           |           |       |
| Cash inflows from investing activities:  |                           |           |       |
| Decrease in trading securities   | W 240,628                 | W -       | \$ 20 |
| Decrease in current portion of long-term investment securities                 | 36,978                    | 40,506    | 3     |
| Decrease in short-term loans   | 20,782                    | 12,441    | 1     |
| Decrease in long-term financial instruments                                    | -                         | 3         |       |
| Proceeds from sales of long-term investment securities                         | 511                       | 730,602   |       |
| Proceeds from sales of equity securities accounted for using the equity method | 868                       | 1,107     |       |
| Decrease in guarantee deposits   | 5,650                     | 14,459    |       |
| Decrease in other non-current assets   | 11,162                    | 1,103     |       |
| Proceeds from disposal of property and equipment                               | 3,354                     | 2,362     |       |
| Proceeds from disposal of intangible assets                                    | 1                         | 26        |       |
| Sub-total  | 319,934                   | 802,609   | 27    |
| Cash outflows for investing activities:  |                           |           |       |
| Increase in short-term financial instruments                                   | (33,132)                  | (207,877) | (2    |
| Increase of trading securities   | -                         | (343,587) |       |
| Increase in short-term loans   | (2,579)                   | (1,200)   | (     |
| Acquisition of long-term investment securities                                 | (11,096)                  | (4,330)   | (     |
| Acquisition of equity securities accounted for using the equity method         | (58,415)                  | -         | (5    |
| Increase in long-term loans  | (24,744)                  | (5,430)   | (2    |
| Increase in guarantee deposits and other non-current assets                    | (30,383)                  | (36,038)  | (2    |
| Acquisition of property and equipment  | (115,665)                 | (143,324) | (10   |
| Increase in intangible assets  | (4,391)                   | (4,992)   | (     |
| Sub-total  | (280,405)                 | (746,778) | (24   |
| Net Cash Provided by Investing Activities                                      | 39,529                    | 55,831    | 3     |

(Continued)

SK TELECOM CO., LTD.  
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)  
THREE MONTHS ENDED MARCH 31, 2004 AND 2003

|  | In millions of Korean won |      | In th |
|--|---------------------------|------|-------|
|  | 2004                      | 2003 | 200   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b> |                           |      |       |
| Cash inflows from financing activities:      |                           |      |       |

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|  |   |           |            |       |
|--|---|-----------|------------|-------|
| Increase in short-term borrowings, net               | W | -         | W1,071,326 | \$    |
| Issuance of bonds                                    |   | 147,510   | 295,829    | 128   |
| Other  |   | 5,411     | 1,262      | 4     |
|  |   | -----     | -----      | ----- |
| Sub-total  |   | 152,921   | 1,368,417  | 133   |
|  |   | -----     | -----      | ----- |
| Cash outflows for financing activities:              |   |           |            |       |
| Repayment of short-term borrowings - net             |   | (152,994) | -          | (133) |
| Repayment of current portion of long-term debt       |   | (224,435) | (4,434)    | (195) |
| Payment of dividends                                 |   | (20)      | -          |       |
| Decrease in facility deposits                        |   | (2,958)   | (1,602)    | (2)   |
| Redemption of bonds                                  |   | -         | (19,565)   |       |
| Acquisition of treasury stock                        |   | (2)       | (854,147)  |       |
| Other  |   | (3,115)   | (4,398)    | (2)   |
|  |   | -----     | -----      | ----- |
| Sub-total  |   | (383,524) | (884,146)  | (334) |
|  |   | -----     | -----      | ----- |
| Net Cash Provided by (Used in) Financing Activities  |   | (230,603) | 484,271    | (201) |
|  |   | -----     | -----      | ----- |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS |   | (15,543)  | 552,386    | (13)  |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD |   | 28,393    | 6,228      | 24    |
|  |   | -----     | -----      | ----- |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD       | W | 12,850    | W 558,614  | \$ 11 |
|  |   | =====     | =====      | ===== |

See accompanying Notes to Non-Consolidated Financial Statements

SK TELECOM CO., LTD.  
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS  
THREE MONTHS ENDED MARCH 31, 2004 AND 2003

1. GENERAL

SK Telecom Co., Ltd. (the "Company") was incorporated in March 1984 under the laws of Korea to engage in providing nationwide cellular telephone communication services in the Republic of Korea. The Company's common shares and depository receipts (DRs) are listed on the Korea Stock Exchange and the New York and London Stock Exchanges, respectively. As of March 31, 2004, the Company's total issued shares are held by the following :

|   | Number of shares | Percent<br>total share |
|---|------------------|------------------------|
|   | -----            | -----                  |
| SK Group  | 19,801,717       | 24                     |
| POSCO Corp.   | 4,098,496        | 4                      |
| Institutional investors and other minority shareholders | 49,714,083       | 60                     |
| Treasury stock  | 8,662,415        | 10                     |
|   | -----            | -----                  |
|   | 82,276,711       | 100                    |
|   | =====            | =====                  |

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying non-consolidated financial statements of the Company have been prepared in accordance with Korean Financial Accounting Standards and



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Statements of Korea Accounting Standards ("SKAS") No.1 through No.10, No.12 and No.13, using the same accounting policies which were adopted in preparing the annual financial statements, and significant accounting policies followed in preparing the accompanying non-consolidated financial statements are summarized as follows.

### a. Basis of Presentation

The accompanying non-consolidated financial statements have been prepared in the Korean language (Hangul) in conformity with the accounting principles generally accepted in the Republic of Korea ("Korean GAAP"). Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. The accompanying non-consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements. Certain information included in the Korean language financial statements, but not required for a fair presentation of the Company's financial position, results of operations or cash flows, is not presented in the accompanying non-consolidated financial statements.

The official accounting records of the Company are maintained and expressed in Korean won, the currency of the country in which the Company is incorporated and operates. The translations of Korean won amounts into U.S. dollar amounts in the accompanying non-consolidated financial statements are included solely for the convenience of readers outside of Korea and have been made at the rate of W1,146.7 to US\$1, the Noon Buying Rate in the City of New York for cable transfers in Korean won as certified for customs purposes by the Federal Reserve Bank of New York on the last business day of the three months ended March 31, 2004. Such translations into U.S. dollars should not be construed as representations that the Korean won amounts could be converted into U.S. dollars at the above or any other rate.

### b. Allowance for Doubtful Accounts

An allowance for doubtful accounts is maintained based on the estimated collectibility of individual accounts and historical bad debt experience.

### c. Inventories

Inventories, which consist mainly of replacement units for wireless telecommunication facilities and supplies for sales promotion, are stated at the lower of cost or market value, with cost determined using the moving average method. During the year, perpetual inventory systems are used to value inventories, which are adjusted to physical inventory counts performed at the end of the year. When the market value of inventories is less than the acquisition cost, carrying amount shall be reduced to the market value and any difference is changed to operation expenses. There was no such valuation loss for the three months ended March 31, 2004 and 2003.

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- d. Securities (excluding securities accounted for using the equity method of accounting)

Debt and equity securities are initially recorded at their acquisition costs (fair value of considerations paid) including incidental cost incurred in connection with acquisition of the related securities and classified into trading, available-for-sale and held-to-maturity securities depending on the acquisition purpose and nature.

Trading securities are stated at fair value with gains or losses on valuation reflected in current operations.

Securities classified as available-for-sale are reported at fair value. Unrealized gains or losses on valuation of available-for-sale securities are included in capital adjustments and the unrealized gains or losses are reflected in net income when the securities are sold or if an impairment is other than temporary as discussed below. Equity securities are stated at acquisition cost if fair value cannot be reliably measured. If the declines in the fair value of individual available-for-sale securities below their acquisition or amortized cost are other than temporary and there is objective evidence of impairment, write-downs of the individual securities are recorded to reduce the carrying value to their fair value. The related write-downs are recorded in current operations as a loss on impairment of investment securities.

Held-to-maturity securities are presented at acquisition cost after premiums or discounts for debt securities are amortized or accreted, respectively. The Company recognizes write-downs resulting from the other-than-temporary declines in the fair value below its book value on the balance sheet date if there is objective evidence of impairment. The related write-downs are recorded in current operations as a loss on impairment of investment securities.

Trading securities are presented in the current asset section of the balance sheet, and available-for-sales and held-to-maturity securities are presented in the current and/or non-current asset section of the balance sheet as long-term investment securities, based on their maturities from the balance sheet date.

- e. Investment Securities with 20% or More Ownership Interest

Investment securities of affiliated companies, in which the Company has a 20% or more ownership interest, are carried using the equity method of accounting, whereby the Company's initial investment is recorded at cost and the carrying value is subsequently increased or decreased to reflect the Company's portion of shareholders' equity of the investee. Differences between the purchase cost and net asset value of the investee are amortized over 20 years using the straight-line method. When applying the equity method of accounting, unrealized intercompany gains and losses are eliminated and the effect of eliminations is reflected in the investment securities account.

- f. Property and Equipment

Property and equipment are stated at cost. Major renewals and betterments, which prolong the useful life or enhance the value of assets, are capitalized; expenditures for maintenance and repairs are charged to expense as incurred.

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Depreciation is computed using the declining balance method (except for buildings and structures acquired on or after January 1, 1995 which are depreciated using the straight-line method) over the estimated useful lives (4-30 years) of the related assets.

Interest expense and other financing charges for borrowings related to the manufacture or construction of property and equipment are charged to current operations as incurred.

### g. Intangible Assets

Intangible assets are recorded at cost, net of accumulated amortization computed using the straight-line method over 5 to 20 years. The amortization for the three months ended March 31, 2004 and 2003 was W76,554 million and W45,915 million, respectively.

With its application for a license to provide IMT service, the Company has a commitment to pay W1,300,000 million to the Ministry of Information Communication ("MIC"). W650,000 million was paid in March 2001 by SK IMT Co., Ltd. (a former subsidiary of the Company), which was merged into the Company on May 1, 2003, and the remainder is required to be paid over 10 years with an annual interest rate equal to the 3-year-maturity government bond rate minus 0.75% (3.80% as of March 31, 2004). On December 4, 2001, SK IMT Co., Ltd. received the IMT license from the MIC, and recorded the total license cost as an intangible asset. As a result of the merger with SK IMT Co., Ltd., the Company acquired such IMT license of W1,259,253 million and assumed the related long-term payable with a principal amount of W650,000 million on May 1, 2003 (the date of merger). Amortization of the IMT license commenced when the Company started its commercial IMT service in December 2003, using the straight-line method over the estimated useful life of the IMT license which expires in December 2016.

### h. Discounts on Bonds and Long-term Payables

Discounts on bonds and long-term payables are amortized to interest expense using the effective interest rate method over the redemption period of the bonds and long-term payables.

### i. Valuation of Long-term Payables

Long-term payables resulting from long-term installment transactions are stated at the present value of the expected future cash flows. Imputed interest amounts are recorded in present value discount accounts which are deducted directly from the related nominal payable balances. Such imputed interest is included in operations using the effective interest rates method over the redemption period.

### j. Accrued Severance Indemnities

In accordance with the Company's policy, all employees with more than one year of service are entitled to receive severance indemnities, based on length of service and rate of pay, at termination. Accruals for severance indemnities are recorded to approximate the amount required to be paid if all employees were to terminate at the balance sheet date.

The Company has deposits with insurance companies to fund the portion

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of the employees' severance indemnities which is in excess of the tax deductible amount allowed under the Corporate Income Tax Law, in order to take advantage of the additional tax deductibility for such funding. Such funding of severance indemnities in outside insurance companies, of which the beneficiary is its employees, totaling W136,410 million and W138,839 million as of March 31, 2004 and December 31, 2003, respectively, is deducted from accrued severance indemnities.

In accordance with the Korean National Pension Fund Law, the Company transferred a portion of its accrued severance indemnities to the Korean National Pension Fund through March 1999. Such transfers, amounting to W6,037 million and W6,148 million as of March 31, 2004 and December 31, 2003, respectively, are deducted from accrued severance indemnities.

Actual payment of severance indemnities amounted to W9,290 million and W5,057 million for the three months ended March 31, 2004 and 2003, respectively.

### k. Accounting for Employee Stock Option Compensation Plan

The Company adopted the fair value based method of accounting for its employee stock option compensation plan. Under the fair value based method, compensation cost is measured at the grant date based on the value of the award and is recognized over the service period. For stock options, fair value is determined using an option-pricing model that takes into account the stock price at the grant date, the exercise price, the expected life of the option, the volatility of the underlying stock, expected dividends and the current risk-free interest rate for the expected life of the option. However, as permitted under Korean GAAP, the Company excludes the volatility factor in estimating the value of its stock options, which results in measurement at minimum value. The total compensation cost of an option estimated at the grant date is not subsequently adjusted for changes in the price of the underlying stock or its volatility, the actual life of the option, dividends on the stock, or the risk-free interest rate.

### l. Accounting for Leases

Lease agreements that include a bargain purchase option, result in the transfer of ownership at the end of the lease term, have a lease term equal to 75% or more of the estimated economic life of the leased property or where the present value of minimum lease payments equals or exceeds 90% of the fair value of the leased property, are accounted for as capital leases. All other leases are accounted for as operating leases.

Assets and liabilities related to capital leases are recorded as property and equipment and obligations under capital leases, respectively, and the related interest is calculated using the effective interest rate method and charged to expense. For operating leases, the future minimum lease payments are expensed ratably over the lease term while contingent rentals are expensed as incurred.

### m. Research and Development Costs

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The Company charges substantially all research and development costs to expense as incurred. The Company incurred internal research and development costs of W46,219 million and W47,784 million for the three months ended March 31, 2004 and 2003, respectively, and external research and development costs of W17,770 million and W16,119 million for the three months ended March 31, 2004 and 2003, respectively.

n. Accounting for Foreign Currency Transactions and Translation

Transactions denominated in foreign currencies are recorded in Korean won translated at the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Korean won at the Base Rates announced by Seoul Money Brokerage Services, Ltd. on the balance sheet date, which were, for US dollars, W1,153.60=US\$1 and W1,197.80=US\$1 at March 31, 2004 and December 31, 2003, respectively. Gains or losses arising from the settlement of foreign currency transactions and the translation of foreign currency assets and liabilities are charged or credited to current operations.

o. Derivative Instruments

The Company records rights and obligations arising from derivative instruments as assets and liabilities, which are stated at fair value. The gains and losses that are resulted from the change in the fair value of derivative instruments are charged or credited to current operations.

p. Deferred Income Taxes

Deferred tax assets and liabilities are recorded for future tax consequences of operating loss carryforwards, tax credits and temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that they are expected to be realizable. Deferred tax assets and liabilities are presented on the balance sheet as a single non-current net number.

q. Adoption of New Statements of Korea Accounting Standards ("SKAS")

On January 1, 2004, the Company adopted SKAS No.10, No.12 and No.13, which are effective from the fiscal year starting after December 31, 2003. Such adoptions of new SKAS did not have an effect on the financial position of the Company as of March 31, 2004 or ordinary income and net income of the Company for the three months ended March 31, 2004.

r. Reclassification of Prior Period's Financial Statements

Certain reclassifications have been made in prior period's non-consolidated financial statements to conform to classifications used in the current period. Such reclassifications did not have an effect on the financial positions of the Company as of December 31, 2003 or ordinary income and net income for the three months ended March 31, 2003.

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### 3. INVESTMENT SECURITIES

#### a. TRADING SECURITIES

Trading securities as of March 31, 2004 and December 31, 2003 are as follows (in millions of Korean won) :

|                          | March 31, 2004    |                   |                   | December 31, 2003 |
|--------------------------|-------------------|-------------------|-------------------|-------------------|
|                          | Acquisition cost  | Fair value        | Carrying amount   | Fair value        |
| Beneficiary certificates | W620,642<br>===== | W620,642<br>===== | W620,642<br>===== | W82,307<br>=====  |

#### b. LONG-TERM INVESTMENT SECURITIES

Long-term investment securities as of March 31, 2004 and December 31, 2003 are as follows (in millions of Korean won) :

|                                 | March 31, 2004 | December 31, 2003 |
|---------------------------------|----------------|-------------------|
| Available-for-sale securities : |                |                   |
| Equity securities               | 797,178        | 797,178           |
| Debt securities                 | 15,502         | 15,502            |
| Sub-total                       | 812,680        | 812,680           |
| Held-to-maturity securities     | 98,883         | 98,883            |
| Total                           | 911,563        | 911,563           |
| Less current portion            | (52,483)       | (52,483)          |
| Long-term portion               | 859,080        | 859,080           |

Available-for-sale equity securities as of March 31, 2004 and December 31, 2003 are as follows (in millions of Korean won, except for share data) :

|                                   | March 31, 2004   |                          |                  |            | December 31, 2003 |
|-----------------------------------|------------------|--------------------------|------------------|------------|-------------------|
|                                   | Number of shares | Ownership percentage (%) | Acquisition cost | Fair value | Fair value        |
| (INVESTMENTS IN LISTED COMPANIES) |                  |                          |                  |            |                   |
| Digital Chosunilbo Co., Ltd.      | 2,890,630        | 10.1                     | W 5,781          | W 5,781    | W 5,781           |
| Hanaro Telecom Inc.               | 8,220,000        | 1.8                      | 82,307           | 82,307     | 82,307            |
| Korea Radio Wave Basestation      |                  |                          |                  |            |                   |

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|                                       |           |      |         |          |
|---------------------------------------|-----------|------|---------|----------|
| Management                            | 234,150   | 4.5  | 1,171   |          |
| POSCO Corporation                     | 2,481,310 | 2.7  | 332,662 | 4        |
| sub-total                             |           |      |         |          |
| (INVESTMENTS IN NON-LISTED COMPANIES) |           |      |         |          |
| Powercomm Co., Ltd.                   | 7,500,000 | 5.0  | 240,243 |          |
| Real Telecom Co., Ltd.                | 398,722   | 8.3  | 5,981   | (        |
| Japan MBCO                            | 84,000    | 13.6 | 42,517  | (        |
| Enterprise Networks Co., Ltd.         | 423,244   | 4.0  | 14,438  | (        |
| Others                                |           |      | 59,291  | (notes 1 |
| sub-total                             |           |      |         |          |
| (INVESTMENTS IN FUNDS)                |           |      |         |          |
| Korea IT Fund                         |           |      | 190,000 | (        |
| Others                                |           |      | 6,405   | (        |
| sub-total                             |           |      |         |          |
| Total                                 |           |      |         |          |

(note 1) As a reasonable estimate of fair value could not be made without incurring excessive costs, it is stated at acquisition cost.

(note 2) Due to the impairment of the Company's investments in common stock of SK Group Japan Co., Ltd., CCK Van, Biznet Tech, Hanse Telecom, Cybird Korea and Venture Korea, an impairment loss of W20,343 million (W16,417 million, W2,300 million and W1,626 million for the first, the second and the fourth quarter of 2003, respectively) was recorded for the year ended December 31, 2003.

The net unrealized gain on investments in common stock of Digital Chosunilbo Co., Ltd., Hanaro Telecom Inc, Korea Radio Wave Basestation Management and POSCO Corporation totaling W11,787 million and W14,888 million as of March 31, 2004 and December 31, 2003, respectively, were recorded as a capital adjustment.

The Company recorded its investments in common stock of Powercomm Co., Ltd. at its fair value, which was estimated by an outside professional valuation company using the present value of expected future cash flows, and the unrealized loss on valuation of investments amounting to W171,836 million as of December 31, 2003 was recorded as a capital adjustment. Based on the advice of the outside professional valuation company that there would not have been any significant change which had an effect on the fair value of Powercomm Co., Ltd. for the three months ended March 31, 2004, no additional unrealized loss (or gain) on valuation of such investments was recorded.

Available-for-sale debt securities as of March 31, 2004 and December 31, 2003 are as follows (in millions of Korean won) :

March 31, 2004

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|  | Maturity     | Acquisition cost | Carrying amount |
|--|--------------|------------------|-----------------|
| Public bonds   | (note 1)     | W 1,246          | W 1,246         |
| Convertible bonds of Real Telecom Co., Ltd.<br>(note 2)        | March 2007   | 10,656           | 10,656          |
| Convertible bonds of Eonex Technologies,<br>Inc.(3rd) (note 3) | January 2005 | 3,600            | 3,600           |
| Total  |              |                  | 15,502          |
| Less current portion of available-for-sale<br>debt securities  |              |                  | (3,600)         |
| Long-term available-for-sale debt securities                   |              |                  | W11,902         |

(note 1) The maturities of public bonds as of March 31, 2004 and December 31, 2003 are as follows (in millions of Korean won):

| Maturity          | March 31, 2004 | December 31, 2003 |
|-------------------|----------------|-------------------|
| Within one year   | W -            | W -               |
| Within five years | 825            | 738               |
| Within ten years  | 421            | 67                |
|                   | -----          | -----             |
|                   | W1,246         | W805              |
|                   | =====          | =====             |

(note 2) The convertible bonds of Real Telecom Corp. with a principal amount of W10,656 million can be converted into 371,018 shares of common stock of Real Telecom Corp. at W28,721 per share over the period from September 29, 2004 to March 29, 2005. If such bonds are converted, the Company's equity interest in Real Telecom Corp. will increase to 14.8%.

(note 3) The convertible bonds of Eonex Technologies, Inc. (3rd) with a principal amount of W3,600 million can be converted into 48,000 shares of common stock of Eonex Technologies, Inc. at W75,000 per share over the period from July 30, 2003 to January 29, 2005. If such bonds are converted, the Company's equity interest in Eonex Technologies, Inc. will increase to 20.4%.

Held-to-maturity securities as of March 31, 2004 and December 31, 2003 are as follows (in millions of Korean won) :

|          | March 31, 2004   |                 |
|----------|------------------|-----------------|
| Maturity | Acquisition cost | Carrying amount |
|          | -----            | -----           |



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|  |                |         |          |
|--|----------------|---------|----------|
| Subordinated bonds of SK Life Insurance Co., Ltd.                        | April 2006     | W50,000 | W 50,000 |
| Subordinated bonds of Nate Third Special Purpose Company (notes 1 and 2) | May 2004       | -       | -        |
| Subordinated bonds of Nate Fourth Special Purpose Company (note 2)       | September 2004 | 25,393  | 25,393   |
| Subordinated bonds of Nate Fifth Special Purpose Company (note 2)        | December 2004  | 23,490  | 23,490   |
|  |                |         | -----    |
| Total  |                |         | 98,883   |
| Less current portion of held-to-maturity securities                      |                |         | (48,883) |
|  |                |         | -----    |
| Long-term held-to-maturity securities                                    |                |         | W 50,000 |
|  |                |         | =====    |

(note 1) Subordinated bonds of Nate Third Special Purpose Company were early repaid in February 2004 as the Nate Third Special Purpose Company was liquidated earlier.

(note 2) On May 2, 2003, September 4, 2003 and December 15, 2003, the Company sold W577,253 million, W549,256 million and W498,426 million, respectively, of accounts receivable resulting from its mobile phone dealer financing plan to Nate Third Special Purpose Company, Nate Fourth Special Purpose Company and Nate Fifth Special Purpose Company, respectively, in asset-backed securitization transactions. In the course of these transactions, the Company acquired subordinate bonds issued by such special purpose companies, in order to enhance the credit of bonds issued by them (See note 19.(b)).

4. EQUITY SECURITIES ACCOUNTED FOR USING THE EQUITY METHOD

Equity securities accounted for using the equity method as of March 31, 2004 and December 31, 2003 are as follows (in millions of Korean won, except for share data):

|                                    | March 31, 2004   |                          |                  |                 |
|------------------------------------|------------------|--------------------------|------------------|-----------------|
|                                    | Number of shares | Ownership percentage (%) | Acquisition cost | Net asset value |
|                                    | -----            | -----                    | -----            | -----           |
| SK Teletech Co., Ltd.              | 6,747,421        | 89.1                     | W 80,483         | W 168,817       |
| SK Capital Co., Ltd.               | 10,000,000       | 100.0                    | 50,000           | 45,861 (note)   |
| SK Communications Co., Ltd.        | 7,582,135        | 89.1                     | 168,673          | 99,091          |
| SK Telink Co., Ltd.                | 943,997          | 90.8                     | 5,296            | 46,326          |
| SK C&C Co., Ltd.                   | 300,000          | 30.0                     | 19,071           | 137,229         |
| SK Wyverns Baseball Club Co., Ltd. | 199,997          | 100.0                    | 1,000            | - (note)        |
| STIC Ventures Co., Ltd.            | 1,600,000        | 24.1                     | 8,000            | 7,087 (note)    |
| Paxnet Co., Ltd.                   | 5,590,452        | 67.1                     | 26,563           | 5,603           |
| VCASH Co., Ltd.                    | 750,000          | 23.2                     | 3,750            | 701             |
| Global Credit & Information Corp.  | 300,000          | 50.0                     | 2,410            | 2,061 (note)    |
| WiderThan. Com Co., Ltd.           | 200,000          | 20.0                     | 1,000            | 3,188 (note)    |
| DSS Mobile Communications Ltd.     | 10,915,000       | 29.5                     | 2,494            | - (note)        |
| SLD Telecom PTE. Ltd.              | 29,294,100       | 53.8                     | 35,773           | 26,409 (note)   |
| Skytel Co., Ltd.                   | 1,756,000        | 28.6                     | 2,159            | 3,401 (note)    |

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|                                     |           |       |        |              |
|-------------------------------------|-----------|-------|--------|--------------|
| SK China Company Ltd.               | 28,160    | 20.7  | 3,195  | 1,684 (note  |
| SK Telecom International, Inc.      | 1,099     | 100.0 | 17,467 | 19,883 (note |
| TU Media Corp.                      | 7,800,000 | 32.1  | 39,000 | 37,995       |
| Centurion IT Investment association |           | 37.5  | 3,000  | 3,126 (note  |
| SK-QC Wireless Development Fund     |           | 50.0  | 6,540  | 5,901 (note  |
| SKT-HP Ventures, LLC                |           | 50.0  | 6,415  | 5,960 (note  |
| Other investments in affiliates     |           |       | 16,085 | (note        |
| Total                               |           |       |        |              |

(note 1) Net asset value was calculated based on the financial statements as of December 31, 2003, as the information as of March 31, 2004 was not available and the change in the Company's portion of shareholders' equity of the investee for the three months ended March 31, 2004 was not expected to be material.

(note 2) DSS Mobile Communication, an Indian company, has had a deficiency in assets since March 31, 1998. SK Wyverns Baseball Club Co., Ltd. has had a deficiency in assets since December 31, 2001.

(note 3) As allowed under Korean financial accounting standards, investments in equity securities of Aircross Co., Ltd. and certain others were not accounted for using the equity method of accounting, as their total assets at December 31, 2003 were less than W7 billion.

Details of the changes in investments in affiliates accounted for using the equity method for the three months ended March 31, 2004 and 2003 are as follows (in millions of Korean won):

|  | For the three months ended March 31   |                             |                               |                            |
|--|---------------------------------------|-----------------------------|-------------------------------|----------------------------|
|  | Beginning balance or acquisition cost | Equity in earnings (losses) | Equity in capital adjustments | Disposals and revaluations |
| SK Teletech Co., Ltd.                        | W159,267                              | W17,874                     | W -                           |                            |
| SK Capital Co., Ltd.                         | 45,865                                | (4)                         | -                             |                            |
| SK Communications Co., Ltd                   | 120,718                               | (2,521)                     | 3,701                         |                            |
| SK Telink Co., Ltd.                          | 43,452                                | 2,874                       | -                             |                            |
| SK C&C Co., Ltd.                             | 93,433                                | 4,341                       | 45,635                        |                            |
| STIC Ventures Co., Ltd. (note 1)             | 7,098                                 | (11)                        | -                             |                            |
| Paxnet Co., Ltd.                             | 25,712                                | (41)                        | 47                            |                            |
| VCASH Co., Ltd.                              | 943                                   | (242)                       | -                             |                            |
| Global Credit & Information Corp. (note 1)   | 2,773                                 | -                           | -                             |                            |
| TU Media Corp.                               | 39,000                                | (1,178)                     | 173                           |                            |
| WiderThan. Com Co., Ltd. (note 1)            | 3,166                                 | 49                          | (27)                          |                            |
| SLD Telecom PTE. Ltd. (note 1)               | 24,701                                | 2,056                       | (348)                         |                            |
| Skytel Co., Ltd. (note 1)                    | 3,053                                 | 195                         | 172                           |                            |
| SK China Co., Ltd. (note 1)                  | 2,187                                 | (568)                       | 65                            |                            |
| SK Telecom International Inc. (note 1)       | 18,963                                | 915                         | 5                             |                            |
| Centurion IT investment association (note 1) | 3,125                                 | 1                           | -                             |                            |
| SK-QC Wireless Development Fund (note 1)     | 5,906                                 | (5)                         | -                             |                            |
| SKT-HP Ventures, LLC (note 1)                | 5,964                                 | 30                          | (34)                          |                            |

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W605,326                      W23,765                      W49,389  
 =====                      =====                      =====

(note 1) Investments in equity securities are carried using the equity method of accounting based on the financial statements as of December 31, 2003, as information as of March 31, 2004 was not available and the change of the Company's portion of shareholders' equity of the investee for the three months ended March 31, 2004 was not material.

|                                     |          | For the three months ended            |  | Equity in earnings (losses) | Equity in earnings (losses) adj |
|-------------------------------------|----------|---------------------------------------|--|-----------------------------|---------------------------------|
|                                     |          | Beginning balance or acquisition cost |  |                             |                                 |
| SK IMT Co., Ltd.                    |          | W1,014,647                            |  | W 3,018                     | W                               |
| SK Teletech Co., Ltd.               | (note 1) | 87,286                                |  | 2,514                       |                                 |
| SK Capital Co., Ltd.                | (note 1) | 57,535                                |  | (3,644)                     |                                 |
| SK Communications Co., Ltd          | (note 1) | 78,752                                |  | (2,539)                     |                                 |
| SK Telink Co., Ltd.                 | (note 1) | 36,395                                |  | (350)                       |                                 |
| SK C&C Co., Ltd.                    |          | 53,971                                |  | (10,936)                    |                                 |
| STIC Ventures Co., Ltd.             | (note 1) | 7,648                                 |  | (717)                       |                                 |
| Paxnet Co., Ltd.                    | (note 1) | 26,563                                |  | (268)                       |                                 |
| VCASH Co., Ltd.                     |          | 2,008                                 |  | (273)                       |                                 |
| Eonex Technologies, Inc.            | (note 1) | 4,618                                 |  | (26)                        |                                 |
| Global Credit & Information Corp.   | (note 1) | 2,477                                 |  | 211                         |                                 |
| WiderThan. Com Co., Ltd.            | (note 1) | 1,665                                 |  | 82                          |                                 |
| SLD Telecom PTE. Ltd.               | (note 1) | 11,076                                |  | (1,056)                     |                                 |
| Skytel Co., Ltd.                    | (note 1) | 2,784                                 |  | 34                          |                                 |
| SK China Co., Ltd.                  | (note 1) | 3,500                                 |  | (22)                        |                                 |
| SK Telecom International Inc.       | (note 1) | 13,693                                |  | 2,559                       |                                 |
| Centurion IT investment association | (note 1) | 3,064                                 |  | 4                           |                                 |
| SKT-QC Wireless Development Fund    | (note 1) | 5,979                                 |  | 16                          |                                 |
| SKT-HP Ventures, LLC                | (note 1) | 6,415                                 |  | (12)                        |                                 |
|                                     |          | -----                                 |  | -----                       |                                 |
|                                     |          | W1,420,076                            |  | (W11,405)                   | (                               |
|                                     |          | =====                                 |  | =====                       |                                 |

(note 1) Investments in equity securities are carried using the equity method of accounting based on the financial statements as of December 31, 2002, as the information as of March 31, 2003 was not available and the change of the Company's portion of shareholders' equity of the investee for the three months ended March 31, 2003 was not material.

5. LOANS TO EMPLOYEES

Short-term and long-term loans to employees as of March 31, 2004 and December 31, 2003 are as follows (in millions of Korean won):

| March 31, 2004 |           |       |
|----------------|-----------|-------|
| Short-term     | Long-term | Total |
| -----          | -----     | ----- |

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|   |        |         |         |
|---|--------|---------|---------|
| Loans to employees' stock ownership association | W4,616 | W24,152 | W28,768 |
| Loans to employees for housing and other        | 116    | 615     | 731     |
|   | -----  | -----   | -----   |
|   | W4,732 | W24,767 | W29,499 |
|   | =====  | =====   | =====   |

### 6. PROPERTY AND EQUIPMENT

Property and equipment as of March 31, 2004 and December 31, 2003 are as follows (in millions of Korean won):

|                               | Useful lives<br>(years) |  | March 31, 2004 |       |
|-------------------------------|-------------------------|--|----------------|-------|
|                               | -----                   |  | -----          | ----- |
| Land                          | -                       |  | W 444,791      |       |
| Buildings and structures      | 30,15                   |  | 1,071,193      |       |
| Machinery                     | 6                       |  | 8,381,696      |       |
| Vehicles                      | 4                       |  | 21,005         |       |
| Other                         | 4                       |  | 680,983        |       |
| Construction in progress      | -                       |  | 424,626        |       |
|                               |                         |  | -----          |       |
|                               |                         |  | 11,024,294     |       |
| Less accumulated depreciation |                         |  | (6,666,102)    |       |
|                               |                         |  | -----          |       |
| Property and equipment, net   |                         |  | W 4,358,192    |       |
|                               |                         |  | =====          |       |

The government declared standard value of land owned for the purpose of taxes and policy as of March 31, 2004 and December 31, 2003 is W392,985 million and W393,683 million, respectively.

Details of change in property and equipment for the three months ended March 31, 2004 and 2003 are as follows (in millions of Korean won):

|                          | For the three months ended March 31, 2004 |             |           |           |          |
|--------------------------|---|-------------|-----------|-----------|----------|
|                          | Beginning<br>balance                      | Acquisition | Disposal  | Transfer  | Deprecia |
|                          | -----                                     | -----       | -----     | -----     | -----    |
| Land                     | W 446,574                                 | W 33        | (W 1,816) | W -       | W        |
| Buildings and structures | 840,237                                   | 58          | (5,852)   | 131       | (10,3    |
| Machinery                | 2,625,306                                 | 4,178       | (503)     | 46,858    | (264,6   |
| Vehicles                 | 3,836                                     | 2,274       | (5)       | -         | (5       |
| Other                    | 326,109                                   | 45,516      | (1,789)   | (102,342) | (19,7    |
| Construction in progress | 309,564                                   | 63,606      | -         | 51,456    |          |
|                          | -----                                     | -----       | -----     | -----     | -----    |
| Total                    | W4,551,626                                | W115,665    | (W 9,965) | (W 3,897) | (W 295,2 |
|                          | =====                                     | =====       | =====     | =====     | =====    |

For the three months ended March 31, 2003

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|                          | Beginning<br>balance | Acquisition | Disposal  | Transfer   | Deprecia |
|--------------------------|----------------------|-------------|-----------|------------|----------|
|                          | -----                | -----       | -----     | -----      | -----    |
| Land                     | W 439,915            | W 15        | (W 1,386) | W 726      | W        |
| Buildings and structures | 778,832              | 28          | (1,411)   | 7,607      | (9,      |
| Machinery                | 2,432,552            | 17,801      | (400)     | 316,657    | (267,    |
| Vehicles                 | 6,095                | 502         | (90)      | -          | (        |
| Other                    | 449,091              | 73,571      | (848)     | (176,758)  | (19,     |
| Construction in progress | 345,063              | 51,407      | -         | (162,512)  |          |
|                          | -----                | -----       | -----     | -----      | -----    |
| Total                    | W4,451,548           | W143,324    | (W 4,135) | (W 14,280) | (W 297,  |
|                          | =====                | =====       | =====     | =====      | =====    |

7. INTANGIBLE ASSETS

Intangible assets as of March 31, 2004 and December 31, 2003 are as follows  
(in millions of Korean won):

|                            | March 31, 2004      |                             |                     | December 31,        |
|----------------------------|---------------------|-----------------------------|---------------------|---------------------|
|                            | Acquisition<br>cost | Accumulated<br>amortization | Carrying<br>amounts | Carrying<br>amounts |
|                            | -----               | -----                       | -----               | -----               |
| Goodwill                   | W2,335,532          | (W289,489)                  | W2,046,043          | W2,078,208          |
| Software development costs | 212,826             | (89,309)                    | 123,517             | 133,833             |
| IMT license                | 1,259,253           | (31,901)                    | 1,227,352           | 1,251,278           |
| Other                      | 308,688             | (173,099)                   | 135,589             | 136,949             |
|                            | -----               | -----                       | -----               | -----               |
|                            | W4,116,299          | (W583,798)                  | W3,532,501          | W3,600,268          |
|                            | =====               | =====                       | =====               | =====               |

Details of changes in intangible assets for the three months ended March  
31, 2004 and 2003 are as follows (in millions of Korean won):

|                            | For the three months ended March 31, 2004 |          |          |          |            |
|----------------------------|---|----------|----------|----------|------------|
|                            | Beginning<br>balance                      | Increase | Decrease | Transfer | Amortizati |
|                            | -----                                     | -----    | -----    | -----    | -----      |
| Goodwill                   | W2,078,208                                | W -      | W -      | W -      | (W32,165)  |
| Software development costs | 133,833                                   | 258      | -        | -        | (10,574)   |
| IMT license                | 1,251,278                                 | -        | -        | -        | (23,926)   |
| Other                      | 136,949                                   | 4,133    | (4)      | 4,400    | (9,889)    |
|                            | -----                                     | -----    | -----    | -----    | -----      |
|                            | W3,600,268                                | W4,391   | (W4)     | W4,400   | (W76,554)  |
|                            | =====                                     | =====    | =====    | =====    | =====      |

For the three months ended March 31, 2003

-----  
Beginning

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|                            | balance    | Increase | Decrease | Transfer | Amortization |
|----------------------------|------------|----------|----------|----------|--------------|
|                            | -----      | -----    | -----    | -----    | -----        |
| Goodwill                   | W2,206,870 | W -      | W -      | W -      | (W32,165)    |
| Software development costs | 88,303     | 3,766    | -        | 14,442   | (6,987)      |
| Other                      | 95,177     | 1,226    | (167)    | 363      | (6,762)      |
|                            | -----      | -----    | -----    | -----    | -----        |
|                            | W2,390,350 | W4,992   | (W167)   | W14,805  | (W45,914)    |
|                            | =====      | =====    | =====    | =====    | =====        |

The book value as of March 31, 2004 and residual useful lives of major intangible assets are as follows (in millions of Korean won):

|                   | Amount     | Description  | Res   |
|-------------------|------------|--|-------|
|                   | -----      | -----  | ----- |
| Goodwill          | W2,046,043 | Goodwill related to acquisition of Shinsegi Telecomm, Inc. |       |
| Development costs | 123,517    | Software for business use                                  | 1     |
| IMT license       | 1,227,352  | License succeeded from SK IMT Co., Ltd.                    |       |

(note) Amortization of the IMT license commenced when the Company started its commercial IMT service in December 2003, using the straight-line method over the estimated useful life (13 years) of the IMT license which expires in December 2016.

8. BONDS PAYABLE

Bonds payable as of March 31, 2004 and December 31, 2003 are as follows (in millions of Korean won and thousands of U.S. dollars):

|  | Final Maturity year | Annual interest rate (%) | March 31, 2004 | De    |
|--|---------------------|--------------------------|----------------|-------|
|  | -----               | -----                    | -----          | ----- |
| Domestic general bonds                 | 2004                | 5.0 - 6.0                | W 900,000      | W     |
| "                                      | 2005                | 6.0                      | 500,000        |       |
| "                                      | 2006                | 5.0 - 6.0                | 800,000        |       |
| "                                      | 2007                | 5.0 - 6.0                | 700,000        |       |
| "                                      | 2008                | 5.0                      | 300,000        |       |
| "                                      | 2009                | 5.0                      | 150,000        |       |
| Dollar denominated bonds (US\$200,078) | 2004                | 7.75                     | 230,810        |       |
|  |                     |                          | -----          |       |
| Total                                  |                     |                          | 3,580,810      |       |
| Less: discounts on bonds               |                     |                          | (44,604)       |       |
|  |                     |                          | -----          |       |
| Net                                    |                     |                          | 3,536,206      |       |
| Less: portion due within one year      |                     |                          | (1,128,285)    | (     |
|  |                     |                          | -----          |       |
| Long-term portion                      |                     |                          | W 2,407,921    | W     |
|  |                     |                          | =====          | ==    |

All of the above bonds will be paid in full at maturities.

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### 9. LONG-TERM BORROWINGS

Long-term borrowings denominated in foreign currency as of March 31, 2004 and December 31, 2003 are as follows (in millions of Korean won and thousands of U.S. dollars):

| Lender                           | Final maturity year | Annual interest rate (%) | March 31, 2004 |
|----------------------------------|---------------------|--------------------------|----------------|
| -----                            | -----               | -----                    | -----          |
| Korea Development Bank           | 2004                | 3M Libor + 3.45          | US\$2,239      |
| Woori Bank                       | 2005                | Floating rate + 0.2      | 2,726          |
| Total in foreign currency        |                     |                          | US\$4,965      |
| Equivalent in Korean won         |                     |                          | W 5,728        |
| Less portion due within one year |                     |                          | (5,728)        |
| Long-term portion                |                     |                          | W -            |
|                                  |                     |                          | =====          |

At March 31, 2004, the London inter-bank offered rate (3M) and floating rate of Woori Bank are 1.12% and 2.21%, respectively.

The future maturities of long-term borrowings at March 31, 2004 are as follows (in millions of Korean won and thousands of U.S. dollars):

| Year ending<br>March 31,<br>----- | Long-term borrowings in foreign currency |                                |
|-----------------------------------|--|--------------------------------|
|                                   | Foreign currency<br>-----                | Korean won equivalent<br>----- |
| 2005                              | US\$4,965<br>=====                       | W5,728<br>=====                |

### 10. FACILITY DEPOSITS

The Company receives facility guarantee deposits from customers of cellular services at the subscription date. The Company has no obligation to pay interest on these deposits and returns all amounts to subscribers upon termination of the subscription contract.

Long-term facility guarantee deposits by service type held as of March 31, 2004 and December 31, 2003 are as follows (in millions of Korean won except deposit per subscriber amounts):

| Service type | Deposit per subscriber | March 31, 2004   | December 31, 2003 |
|--------------|------------------------|------------------|-------------------|
| -----        | -----                  | -----            | -----             |
| Cellular     | W200,000               | W41,238<br>===== | W44,197<br>=====  |

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The Company offers existing and new cellular subscribers the option of obtaining facility insurance from Seoul Guarantee Insurance Company ("SGIC") in lieu of the facility deposit (The Company has been charged for the facility insurance since August 1, 2002, for which subscribers had been charged until then). Existing subscribers who elect this option are refunded their facility deposits. As a result, the balance of facility guarantee deposits has been decreasing.

### 11. LEASES

As the Company merged with Shinsegi Telecomm, Inc. in January 2002, certain capital leases made by Shinsegi Telecomm, Inc. were transferred to the Company. The Company has an option to acquire the leased machinery and equipment, free of charge, upon termination of the lease period. Depreciation expense for the three months ended March 31, 2004 and 2003 were W37 million and W63 million, respectively. For the three months ended March 31, 2004, all capital leases were terminated and the Company acquired the related leased machinery free of charge.

The obligation under capital leases that was recorded as current portion of long-term debt as of December 31, 2003 was US\$101,000 (Korean won equivalent: W121 million).

As the Company merged with Shinsegi Telecomm, Inc., certain operating lease made by Shinsegi Telecomm, Inc. was transferred to the Company and the related lease expenses for the three months ended March 31, 2004 and 2003 were W261 million and W830 million, respectively. This operating lease was terminated in the 1st quarter of 2004.

### 12. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The details of monetary assets and liabilities denominated in foreign currencies (except for bonds payable and long-term borrowings denominated in foreign currencies described in Notes 8 and 9) as of March 31, 2004 and December 31, 2003 are as follows (in millions of Korean won, thousands of U.S. dollars, thousands of HK dollars, thousands of Japanese yen, thousands of Great Britain pounds, thousands of Chinese yuan, thousands of Singapore dollars, thousands of Australian dollars, thousands of Swiss Franc, thousands of Denmark Krone, thousands of Euros and thousands of Indonesian Rupiah):

|                                  | March 31, 2004        |                          | December 31           |
|----------------------------------|-----------------------|--------------------------|-----------------------|
|                                  | Foreign<br>currencies | Korean won<br>equivalent | Foreign<br>currencies |
| Cash and cash equivalents        | US\$3,077             | W 3,549                  | US\$1,722             |
|                                  | EUR11                 | 15                       | EUR17                 |
|                                  | GBP3                  | 7                        | GBP5                  |
| Short-term financial instruments | US\$31,596            | 36,450                   | US\$31,492            |
| Accounts receivable - trade      | US\$1,105             | 1,275                    | US\$2,552             |
|                                  | SG\$743               | 509                      | SG\$743               |
| Accounts receivable - other      | US\$4,844             | 5,588                    | US\$4,863             |
| Guarantee deposits               | US\$191               | 220                      | US\$193               |
|                                  | JPY16,337             | 178                      | JPY16,337             |



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|   |           |         |           |
|---|-----------|---------|-----------|
|   |           | W47,791 |           |
|   |           | =====   |           |
| Accounts payable  | US\$4,829 | 5,570   | US\$5,166 |
|   | JPY8,106  | 88      | JPY20,606 |
|   | HK\$231   | 34      | HK\$267   |
|   | GBP66     | 138     | GBP304    |
|   | SG\$4     | 3       | SG\$5     |
|   | CNY53     | 7       | CNY140    |
|   | AU\$1     | 1       | AU\$1     |
|   | EUR5      | 8       | EUR10     |
|   | CHF2      | 2       | CHF4      |
|   | DKK1      | 1       | DKK1      |
|   | IDR240    | 3       | IDR-      |
| Obligation under capital lease<br>including current portion | US\$-     | -       | US\$101   |
|   |           | -----   |           |
|   |           | W 5,855 |           |
|   |           | =====   |           |

13. CAPITAL STOCK AND CAPITAL SURPLUS

The Company's capital stock consists entirely of common stock with a par value of W500. The number of authorized and issued shares as of March 31, 2004 and December 31, 2003 are as follows:

|                   | March 31, 2004 | December 31, 2003 |
|-------------------|----------------|-------------------|
|                   | -----          | -----             |
| Authorized shares | 220,000,000    | 220,000,000       |
| Issued shares     | 82,276,711     | 82,276,711        |

Significant changes in capital stock and capital surplus for the three months ended March 31, 2004 and the year ended December 31, 2003 are as follows (in millions of Korean won except for share data):

|   | Number of shares<br>issued | Capital stock | Cap   |
|---|----------------------------|---------------|-------|
|   | -----                      | -----         | ----- |
| At January 1, 2003  | 89,152,670                 | 44,576        |       |
| Excess unallocated purchase price (note 1)                                | -                          | -             |       |
| Retirement of treasury stock (note 2)                                     | (7,002,235)                | -             |       |
| Issuance of common stock for the merger with<br>SK IMT Co., Ltd. (note 3) | 126,276                    | 63            |       |
|   | -----                      | -----         |       |
| At December 31, 2003 and March 31, 2004                                   | 82,276,711                 | W44,639       |       |
|   | =====                      | =====         |       |

(note 1) The excess unallocated purchase price of W864,161 million for the acquisition of additional equity interest of Shinsegi Telecomm, Inc. after acquiring a majority interest in such subsidiary, was deducted from capital surplus upon the merger with Shinsegi Telecomm, Inc. dated January 13, 2002, in accordance with Korean GAAP. In addition, during the year ended December 31, 2003, the Company paid W230 million to certain former shareholders of Shinsegi Telecomm, Inc. in

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accordance with the ruling of the court and deducted it from capital surplus in accordance with Korean GAAP.

(note 2) The Company retired 4,457,635 shares and 2,544,600 shares of treasury stock on January 6, 2003 and August 20, 2003, respectively, and reduced unappropriated retained earnings in accordance with the Korean Commercial Laws.

(note 3) The excess of acquired net assets over the par value of W63 million for the issuance of 126,276 shares of new common stock to minority shareholders of SK IMT Co., Ltd. upon the merger dated May 1, 2003, was added to additional paid-in capital in accordance with Korean GAAP.

### 14. APPROPRIATED RETAINED EARNINGS

The details of appropriated retained earnings as of March 31, 2004 and December 31, 2003 are as follows (in millions of Korean won):

|  | March 31, 2004 | December 31, 2003 |
|--|----------------|-------------------|
|  | -----          | -----             |
| Legal reserve                                  | W 22,320       | W 22,288          |
| Reserve for improvement of financial structure | 33,000         | 33,000            |
| Reserve for loss on disposal of treasury stock | 477,182        | 221,197           |
| Reserve for research and manpower development  | 776,296        | 559,198           |
| Reserve for business expansion                 | 3,425,138      | 3,908,139         |
|  | -----          | -----             |
| Total  | W4,733,936     | W4,743,822        |
|  | =====          | =====             |

#### a. Legal Reserve

The Korean Commercial Code requires the Company to appropriate as a legal reserve at least 10% of cash dividends for each accounting period until the reserve equals 50% of outstanding capital stock. The legal reserve may not be utilized for cash dividends, but may only be used to offset a future deficit, if any, or may be transferred to capital stock.

#### b. Reserve for Improvement of Financial Structure

The Financial Control Regulation for listed companies in Korea requires that at least 10% of net income (net of accumulated deficit), and an amount equal to net gain (net of related income taxes, if any) on the disposal of property and equipment be appropriated as a reserve for improvement of financial structure until the ratio of stockholders' equity to total assets reaches 30%. The reserve for improvement of financial structure may not be utilized for cash dividends, but may only be used to offset a future deficit, if any, or may be transferred to capital stock.

#### c. Reserves for Loss on Disposal of Treasury Stock and Research and Manpower Development

Reserves for loss on disposal of treasury stock and research and manpower development were appropriated in order to recognize certain tax deductible benefits through the early recognition of future expenditures. These reserves will be unappropriated from appropriated

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retained earnings in accordance with the relevant tax laws. Such unappropriation will be included in taxable income in the year of unappropriation.

### d. Reserve for Business Expansion

The reserve for business expansion is voluntary and was approved by the board of directors and shareholders.

## 15. TREASURY STOCK

Upon the issuances of stock dividends and new common stock and the mergers with Shinsegi Telecomm, Inc. and SK IMT Co., Ltd., the Company acquired fractional shares totaling 77,958 shares for W6,108 million through 2003. In addition, the Company acquired 7,452,810 shares of treasury stock in the market or through the trust funds for W1,771,507 million through 2003 in order to stabilize the market price of its stock.

Under the Mutual Agreement on Stock Exchange between the Company and KT Corporation, on December 30, 2002 and January 10, 2003, the Company acquired 8,266,923 shares of the Company's common stock from KT Corporation for W1,853,643 million. On January 13, 2002, the Company merged with Shinsegi Telecomm, Inc. and distributed 2,677,653 shares of treasury stock to minority shareholders of Shinsegi Telecomm, Inc. The cost of the treasury stock distributed was W584,646 million.

On January 6, 2003 the Company retired 4,457,635 share of treasury stock that were purchased from KT Corporation as mentioned above in accordance with a resolution of the board of directors dated December 26, 2002 and reduced unappropriated retained earnings by W1,008,882 million including the tax effect of W9,373 million, in accordance with the Korean Commercial Laws.

On June 30, 2003, in accordance with a resolution of the board of directors dated June 24, 2003, the Company announced a stock repurchase program to acquire 2,544,600 shares of common stock in the market in order to enhance stockholders' interest and to stabilize the stock price. Pursuant to the program, the Company acquired a total of 2,544,600 shares of Company's outstanding common stock for a total purchase price of W525,174 million during the period from June 30, 2003 to August 11, 2003, retired such treasury shares on August 20, 2003 and reduced unappropriated retained earnings by W537,138 million including the tax effect of W11,964 million, in accordance with Korean Commercial Laws.

On February 20, 2004, the Company acquired fractional shares totaling 12 shares for W2 million which resulted from the merger with SK IMT Co., Ltd.

## 16. STOCK OPTIONS

On March 17, 2000, March 16, 2001 and March 8, 2002, in accordance with the approval of its stockholders and its board of directors, the Company granted stock options to its management, representing 17,800 shares at an exercise price of W424,000 per share, 43,820 shares at an exercise price of W211,000 per share and 65,730 shares at an exercise price of W267,000 per share. The stock options will become exercisable after three years from the date of grant and shall be exercisable within two years from the first exercisable date. If the employees leave the Company within three years after the grant of stock options, the Company may cancel the stock options awarded. Upon exercise of stock options, the Company will issue its common stock. There were no forfeited or expired stock options during the three months ended March 31, 2004 and 2003.

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The value of stock options granted is determined using the Black-Scholes option-pricing model, without considering a volatility factor in estimating the value of its stock options, as permitted under Korean GAAP. The following assumptions are used to estimate the fair value of options granted in 2000, 2001 and 2002; risk-free interest rate of 9.1% for 2000, 5.9% for 2001 and 6.2% for 2002; expected life of three years for 2000, 2001 and 2002; expected dividend of W500 for 2000, 2001 and 2002. Under these assumptions, total compensation cost, the recognized compensation cost for the three months ended March 31, 2004 and 2003, the compensation cost to be recognized for the following period after March 31, 2004 and the outstanding balance of stock option in capital adjustment as of March 31, 2004 and December 31, 2003 are as follows (in millions of Korean won):

| Grant date<br>----- | Total<br>Compensation<br>cost<br>----- | Recognized<br>compensation cost<br>for the three months<br>ended March 31,<br>----- |              | Compensation<br>cost to be<br>recognized<br>----- | Stock<br>capital<br>-----<br>March<br>31, 2004<br>----- |
|---------------------|--|---|--------------|---|---|
|                     |  | 2004<br>----  | 2003<br>---- |   |   |
| March 17, 2000      | W1,533                                 | W -   | W128         | W -   | W1,533  |
| March 16, 2001      | 237                                    | 13  | 19           | -   | 237   |
| March 8, 2002       | 3,246                                  | 270   | 271          | 992   | 2,254   |
|                     | -----                                  | ----  | ----         | ----  | -----   |
|                     | W5,016                                 | W283  | W418         | W992  | W4,024  |
|                     | =====                                  | =====   | =====        | =====   | =====   |

The pro forma ordinary income, net income ordinary income per common share and net income per common share, if the Company had not excluded the volatility factor (expected volatility of 66.8% for options granted in 2000, 67.5% for options granted in 2001 and 63.0% for options granted in 2002) in estimating the value of its stock options, for the three months ended March 31, 2004, 2003 and 2002 are as follows :

|  | For the three months ended<br>----- |               |
|--|-------------------------------------|---------------|
|  | 2004<br>-----                       | 2003<br>----- |
| Pro forma ordinary income (in millions of Korean won)      | W669,634                            | W649,238      |
| Pro forma ordinary income per common share (in Korean won) | 6,138                               | 5,860         |
| Pro forma net income (in millions of Korean won)           | 451,877                             | 447,758       |
| Pro forma net income per common share (in Korean won)      | 6,138                               | 5,860         |

### 17. INCOME TAXES

#### a. Details of income tax expense

Income tax expenses for the three months ended March 31, 2004 and 2003 consist of the following (in millions of Korean won):

|      |      |
|------|------|
| 2004 | 2003 |
|------|------|

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|                     |          |          |
|---------------------|----------|----------|
|                     | -----    | -----    |
| Current             | W178,048 | W197,328 |
| Deferred (note 1)   | 39,709   | 4,152    |
|                     | -----    | -----    |
| Income tax expenses | W217,757 | W201,480 |
|                     | =====    | =====    |

(Note 1) Changes in deferred tax liabilities retained to temporary difference for the three months ended March 31, 2004 and 2003 are as follows (in millions of Korean won):

|  |            |            |
|--|------------|------------|
|  | 2004       | 2003       |
|  | -----      | -----      |
| Beginning balance of deferred tax liabilities  | (W242,057) | (W123,768) |
| Ending balance of deferred tax liabilities   | 282,008    | 117,856    |
| Adjustment to the beginning deferred income tax liabilities based on tax return filed      | (242)      | 20,187     |
| Tax effect of temporary differences arising from disposal and retirement of treasury stock | -          | (10,123)   |
|  | -----      | -----      |
|  | W 39,709   | W 4,152    |
|  | =====      | =====      |

b. Reconciling items between accounting income and taxable income

Reconciling items between accounting income and taxable income for the three months ended March 31, 2004 and 2003 are as follows (in millions of Korean won):

|   |          |
|---|----------|
|   | 2004     |
|   | -----    |
| (TEMPORARY DIFFERENCES)                               |          |
| ADDITIONS:  |          |
| Allowance for doubtful accounts                       | W 62,328 |
| Accrued interest income                               | 5,978    |
| Reserves for research and manpower development        | 21,059   |
| Equity in losses of affiliates                        | -        |
| Foreign currency translation gain                     | 2,802    |
| Depreciation  | -        |
| Loss on impairment of long-term investment securities | -        |
| Loss on impairment of other assets                    | 16,387   |
| Loss on valuation of derivative instruments           | 4,953    |
| Accrued severance indemnities                         | 8,002    |
| Deposits for severance indemnities                    | 2,429    |
| Other   | 14,257   |
|   | -----    |
| Sub-total   | 138,195  |
|   | -----    |
| DEDUCTIONS:   |          |
| Reserves for research and manpower development        | (70,000) |
| Allowance for doubtful accounts                       | (67,482) |
| Depreciation  | (27,589) |

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|                                    |            |
|------------------------------------|------------|
| Accrued interest income            | (9,717)    |
| Foreign currency translation loss  | (5,617)    |
| Equity in earnings of affiliates   | (23,765)   |
| Accrued severance indemnities      | (2,428)    |
| Deposits for severance indemnities | (8,002)    |
| Loss on impairment of other assets | (14,009)   |
| Other                              | (31,722)   |
|                                    | -----      |
| Sub-total                          | (260,331)  |
|                                    | -----      |
| Total Temporary Differences        | (122,136)  |
|                                    | -----      |
| (PERMANENT DIFFERENCES)            | 60,896     |
|                                    | -----      |
| Total                              | W (61,240) |
|                                    | =====      |

c. Change in cumulative temporary differences and deferred tax liabilities

Changes in cumulative temporary differences for the three months ended March 31, 2004 and 2003 and deferred tax liabilities as of March 31, 2004 and 2003 are as follows (in Korean won):

For the three months ended March 31, 2004

| Description   | January 1,<br>2004 | Increase  | Decrease |
|---|--------------------|-----------|----------|
| -----   | -----              | -----     | -----    |
| Property and equipment                                | W 41,373           | (W20,153) | W 3,478  |
| Allowance for doubtful accounts                       | 66,833             | 62,978    | 67,482   |
| Loss on impairment of long-term investment securities | 95,269             | -         | 250      |
| Foreign currency translation loss                     | 5,617              | -         | 5,617    |
| Foreign currency translation gain                     | (2,802)            | -         | (2,802)  |
| Reserves for research and manpower development        | (663,702)          | (70,000)  | (21,059) |
| Reserves for loss on disposal of treasury stock       | (474,081)          | -         | -        |
| Accrued interest income                               | (5,978)            | (9,717)   | (5,978)  |
| Equity in earnings (losses) of affiliates             | (35,616)           | (23,765)  | -        |
| Loss on impairment of other assets                    | 22,459             | 16,386    | 14,009   |
| Loss on valuation of derivative instruments           | -                  | 4,953     | -        |
| Accrued severance indemnities                         | 148,963            | 8,002     | 20,964   |
| Deposits for severance indemnities                    | (139,054)          | 624       | (2,429)  |
| Other   | 57,547             | 15,487    | 42,419   |
|   | -----              | -----     | -----    |
| Total temporary differences                           | (W883,172)         | (W15,205) | W121,951 |
|   | =====              | =====     | =====    |
| Deferred tax liabilities-net (note 1)                 | (W242,057)         |           |          |
|   | =====              |           |          |

(note 1) The tax effects of temporary differences which are not realizable and the net unrealized loss on valuation of long-term investment securities are excluded in determining the above net deferred tax liabilities as of March 31, 2004. Pursuant to a revision in the Korean Corporate Income Tax Law, statutory corporate income tax rate will be changed from current 29.5% to 27.5%, effective

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January 1, 2005. As a result, 27.5% was used for measurement of a deferred tax assets or liabilities, which are attributable to temporary differences to be realized on and after January 1, 2005.

For the three months ended March 31, 2003

| Description                                     | January 1,<br>2003 | Increase        | Decrease        | March 31,<br>2003 |
|---|--------------------|-----------------|-----------------|-------------------|
| Property and equipment                          | W 33,395           | W 3,729         | W 2,246         | W 35,370          |
| Loss on disposal of property and equipment      | -                  | 50,842          | -               | 50,842            |
| Allowance for doubtful accounts                 | 69,887             | 77,282          | 69,887          | 147,169           |
| Loss on impairment of investment securities     | 131,196            | 16,417          | 44,496          | 192,109           |
| Foreign currency translation loss               | 22,701             | -               | 4,271           | 18,430            |
| Foreign currency translation gain               | (11,437)           | -               | (2,159)         | (9,278)           |
| Reserves for research and manpower development  | (442,603)          | (29,000)        | (15,725)        | (487,328)         |
| Reserves for loss on disposal of treasury stock | (218,097)          | -               | -               | (218,097)         |
| Accrued interest income                         | (4,718)            | (7,604)         | (4,733)         | (17,055)          |
| Equity in earnings (losses) of affiliates       | (62,363)           | -               | (11,405)        | (73,768)          |
| Loss on impairment of other assets              | 10,224             | 8,086           | 3,254           | 21,564            |
| Accrued severance indemnities                   | 115,765            | 1,816           | -               | 117,581           |
| Deposits for severance indemnities              | (115,765)          | (129)           | -               | (116,894)         |
| Other   | 55,087             | (6,230)         | 5,170           | 53,927            |
| <b>Total temporary differences</b>              | <b>(W416,728)</b>  | <b>W115,209</b> | <b>W 95,302</b> | <b>(W396,821)</b> |
| <b>Deferred tax liabilities-net (note 1)</b>    | <b>(W123,768)</b>  | <b>W 34,217</b> | <b>W 28,305</b> | <b>(W112,856)</b> |

(note 1) The tax effects of temporary differences which are not realizable and the net unrealizable loss on valuation of long-term investment securities are excluded in determining the above net deferred tax liabilities as of March 31, 2003.

d. Effective tax rate

Effective tax rates for the three months ended March 31, 2004 and 2003 are as follows (in millions of Korean won):

|                                   | 2003          | 2002          |
|-----------------------------------|---------------|---------------|
| Income before income tax expenses | W670,272      | W650,154      |
| Income tax expenses               | 217,757       | 201,480       |
| <b>Effective tax rate</b>         | <b>32.49%</b> | <b>30.99%</b> |

e. Intra-period allocation of income tax expenses

Intra-period allocation of income tax expenses for the three months ended

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March 31, 2004 and 2003 is as follows (in millions of Korean won):

|   | 2004     | 2003     |
|---|----------|----------|
|   | -----    | -----    |
| Income tax expenses of ordinary income    | W217,757 | W201,480 |
| Income tax expenses of extraordinary gain | -        | -        |
|   | -----    | -----    |
| Income tax expenses                       | W217,757 | W201,480 |
|   | =====    | =====    |

### 18. NET INCOME AND ORDINARY INCOME PER SHARE

The Company's net income and ordinary income per share amounts for the three months ended March 31, 2004 and 2003 are computed as follows (in millions of won, except for share data):

Net income and ordinary income per share

|  | 2004       | 2003       |
|--|------------|------------|
|  | -----      | -----      |
| Net income and ordinary income                           | W 452,515  | W 448,674  |
| Weighted average number of common shares outstanding     | 76,614,303 | 76,413,671 |
|  | -----      | -----      |
| Net income and ordinary income per share (in Korean won) | W 6,147    | W 5,872    |
|  | =====      | =====      |

The Company's ordinary income and net income per share amounts for the year ended December 31, 2003 are W25,876, respectively.

The weighted average number of common shares outstanding for the three months ended March 31, 2004 and 2003 is calculated as follows:

|   | Number of shares | Weighted number of days |
|---|------------------|-------------------------|
|   | -----            | -----                   |
| For the three months ended March 31, 2004                                   |                  |                         |
| At January 1, 2004  | 82,276,711       | 91/91                   |
| Treasury stock, at the beginning  | (8,662,403)      | 91/91                   |
| Purchase of fractional share related to merger with SK IMT Co., Ltd.        | (12)             | 41/91                   |
|   | -----            |                         |
| Total   | 73,614,296       |                         |
|   | =====            |                         |
| For the three months ended March 31, 2003                                   |                  |                         |
| At January 1, 2003  | 89,152,670       | 90/90                   |
| Treasury stock, at the beginning  | (9,310,607)      | 90/90                   |
| Purchase of treasury stock  | (3,809,288)      | 81/90                   |
| Purchase of fractional share related to merger with Shinsegi Telecomm, Inc. | (52)             | 57/90                   |
|   | -----            |                         |



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|       |                     |
|-------|---------------------|
| Total | 76,032,723<br>===== |
|-------|---------------------|

Diluted net income and ordinary income per share amounts for the three months ended March 31, 2004 and 2003 are computed as follows (in millions of won, except for share data):

Diluted net income and ordinary income per share

|  | 2004       | 2003       |
|--|------------|------------|
|  | -----      | -----      |
| Adjusted net income and ordinary income (note 1)                                 | W 452,515  | W 448,515  |
| Adjusted weighted average number of common shares outstanding (note 1)           | 76,614,303 | 76,413,303 |
|  | -----      | -----      |
| Diluted ordinary income/net income and ordinary income per share (in Korean won) | W 6,147    | W 5,876    |
|  | =====      | =====      |

(note 1) In the three months ended March 31, 2004 and 2003, the assumed exercise of stock options was not reflected in diluted earnings per share as there was no diluted effect of such stock options

The Company's diluted ordinary income and diluted net income per share amounts for the year ended December 31, 2003 are W25,876, respectively.

### 19. COMMITMENTS AND CONTINGENCIES

- a. At March 31, 2004, the Company's property and equipment (land, buildings and machinery), amounting to W57,483 million in carrying value, are pledged as collateral for borrowings from Korea Development Bank.
  
- b. On September 4, 2003 and December 15, 2003, the Company sold W549,256 million and W498,426 million of accounts receivable resulting from its mobile phone dealer financing plan to Nate Fourth Special Purpose Company and Nate Fifth Special Purpose Company, respectively, in asset-backed securitization transactions and recorded a loss on disposal of accounts receivable-other of W12,863 million and W9,936 million, respectively. Related to these asset-backed securitization transactions, the Company has obligations to repurchase receivables up to 13.27% and 13.19% for Nate Fourth Special Purpose Company and Nate Fifth Special Purpose Company, respectively, if receivables become past due for 3 months or the debtors become insolvent. At March 31, 2004, the uncollected balances of accounts receivable sold to Nate Fourth Special Purpose Company and Nate Fifth Special Purpose Company were W74,537 million and W237,924 million, respectively.
  
- c. At March 31, 2004, the Company has guarantee deposits restricted for its checking accounts totaling W23 million.
  
- d. The Company's performance under a mobile network system development service contract with Asia Pacific Broadband Wireless Communications Inc., a Taipei company, and the Company's warranty obligations have been guaranteed by Citi Corp., within the limit of US\$2,100,000 and S\$117,250, respectively.

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- e. The Company made a contract for joint ownership of a satellite with Japan MBCO in order to enter the satellite digital multimedia broadcasting business. In accordance with the contract, the Company and Japan MBCO decided the sharing rate of joint ownership to be 34.66% for the Company and 65.34% for Japan MBCO based on a number of relay stations and coverage. The details of the contract are as follows (in millions of Japanese yen and in millions of U.S. dollars):

|   | Total<br>investment | The Company's<br>portion | Investment made<br>through March<br>31, 2004 by the<br>Company |
|---|---------------------|--------------------------|--|
|   | -----               | -----                    | -----  |
| Purchase of satellite, launching<br>and insurance | US\$ 202            | US\$ 70                  | US\$ 62  |
| Operation of the control center                   | JPY4,934            | JPY1,710                 | JPY1,710   |

20. INSURANCE

At March 31, 2004, certain of the Company's assets are insured with local insurance companies as follows (in millions of Korean won):

| Insured   | Risk  | Carrying         |
|---|---|------------------|
| -----   | -----   | -----            |
| Property and equipment, directors'<br>liabilities and general liabilities | Fire and comprehensive liability<br>and other | W5,773,<br>===== |

21. TRANSACTIONS WITH AFFILIATED AND RELATED COMPANIES

Significant related party transactions for the three months ended March 31, 2004 and 2003 and balances as of March 31, 2004 and December 31, 2003 were as follows (in millions of Korean won):

| Description                              | For the three months ended March 31, |         |
|--|--------------------------------------|---------|
|  | 2004                                 | 2003    |
| -----                                    | -----                                | -----   |
| TRANSACTIONS                             |                                      |         |
| SK C&C Co., Ltd.:                        |                                      |         |
| Purchases of property and equipment      | W20,786                              | W26,280 |
| Commissions paid and other expenses      | 63,860                               | 57,367  |
| Commission and other income              | 1,937                                | 1,718   |
| SK Engineering & Construction Co., Ltd.: |                                      |         |
| Construction                             | 13,000                               | 10,259  |
| Commissions paid and other expenses      | 2                                    | 328     |

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|                                     |        |        |
|-------------------------------------|--------|--------|
| Commissions and other income        | 219    | 237    |
| SK Networks Co., Ltd.:              |        |        |
| Purchases of property and equipment | 744    | 1,127  |
| Commissions paid and other expenses | 81,965 | 35,723 |
| Commissions and other income        | 3,723  | 242    |
| SK Corporation:                     |        |        |
| Purchases of property and equipment | -      | 4,097  |
| Commissions paid and other expenses | 9,398  | 8,220  |
| Commissions and other income        | 469    | 865    |
| Innoace Co., Ltd.:                  |        |        |
| Purchases of property and equipment | 1,772  | 905    |
| Commissions paid and other expenses | 127    | 4,242  |
| Commissions and other income        | 78     | 52     |
| SK Communications Co., Ltd.:        |        |        |
| Purchases of property and equipment | 35     | 6,484  |
| Commissions paid and other expenses | 10,705 | 2,226  |
| Commissions and other income        | 4,142  | 1,436  |
| SK Telesys Co., Ltd.:               |        |        |
| Purchases of property and equipment | 488    | 773    |
| Commissions paid and other expenses | 352    | 22     |
| Commissions and other income        | 89     | 9      |
| Widerthan.com Co., Ltd.:            |        |        |
| Purchases of property and equipment | 158    | 2,120  |
| Commissions paid and other expenses | 15,958 | 10,585 |
| Commissions and other income        | 13     | 72     |

| Description                              | March 31, 2004 | December 31, 2003 |
|--|----------------|-------------------|
| -----                                    | -----          | -----             |
| BALANCES                                 |                |                   |
| SK C&C Co., Ltd.:                        |                |                   |
| Accounts receivable                      | W 219          | W 1               |
| Accounts payable                         | 42,662         | 72,3              |
| Guarantee deposits received              | 346            | 3                 |
| SK Engineering & Construction Co., Ltd.: |                |                   |
| Accounts receivable                      | 68             |                   |
| Accounts payable                         | 14,300         | 63,4              |
| Guarantee deposits received              | 408            |                   |
| SK Networks Co., Ltd.:                   |                |                   |
| Accounts receivable                      | 1,174          | 9                 |
| Guarantee deposits                       | 113            | 1                 |
| Accounts payable                         | 59,659         | 62,4              |
| Guarantee deposits received              | 719            | 7                 |
| SK Corporation:                          |                |                   |
| Accounts receivable                      | 67             | 4                 |
| Guarantee deposits paid                  | 103,720        | 103,7             |
| Accounts payable                         | 9,073          | 2,9               |
| Guarantee deposits received              | 10,194         | 10,1              |
| Innoace Co., Ltd.:                       |                |                   |

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|                                     |        |      |
|-------------------------------------|--------|------|
| Accounts receivable                 | 12,947 | 25,6 |
| Guarantee deposits received         | 1,069  | 1,0  |
| SK Communications Co., Ltd.:        |        |      |
| Accounts receivable                 | 1,797  | 4,8  |
| Accounts payable                    | 4,394  | 8,9  |
| Guarantee deposits received         | 8,408  | 6,7  |
| SK Telesys Co., Ltd.:               |        |      |
| Accounts receivable                 | 47     |      |
| Accounts payable                    | 18,404 | 33,9 |
| SK Wyverns Baseball Club Co., Ltd.: |        |      |
| Long-term and short-term loans      | 13,532 | 13,5 |
| SK Life Insurance Co., Ltd.:        |        |      |
| Deposits for severance indemnities  | 58,139 | 59,6 |
| Guarantee deposits paid             | 60     |      |
| Accounts receivable                 | 1,509  | 1,1  |
| Guarantee deposits received         | 821    | 3    |
| WiderThan.com Co., Ltd.:            |        |      |
| Accounts receivable                 | 14     |      |
| Accounts payable                    | 6,263  | 9,7  |

22. DERIVATIVE INSTRUMENTS

As of March 31, 2004, the Company made (1) currency swap contracts and (2) currency forward contracts, with 3 banks including Citi Bank to reduce the foreign currency exposure in unguaranteed US dollar denominated bond with face value amounting to US\$300 million issued on April 1, 2004. The Company stated currency forward and currency swap contracts at their fair value and charged gains/losses on valuation of the contracts to current operations.

Details for valuation of currency forward and currency swap contracts are as follows (in millions of Korean won).

|                  | Fair value    |               | Gains (losses) ref |
|------------------|---------------|---------------|--------------------|
|                  | Mar. 31, 2004 | Dec. 31, 2003 | current opera      |
|                  | -----         | -----         | -----              |
|                  | (22)          | -             | (22)               |
| Currency forward |               |               |                    |
| Currency swap    | (4,931)       | -             | (4,931)            |
|                  | -----         | -----         | -----              |
| Total            | (4,953)       | -             | (4,953)            |
|                  | =====         | =====         | =====              |

23. MERGER WITH SK IMT CO., LTD.

On May 1, 2003, the Company merged with SK IMT Co., Ltd., in accordance with a resolution of the Company's board of directors on December 20, 2002 and the approval of shareholders of SK IMT Co., Ltd. on February 21, 2003.

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The exchange ratio of common stock between the Company and SK IMT Co., Ltd. was 0.11276 share of the Company's common stock with a par value of W500 to 1 share of common stock of SK IMT Co., Ltd. with a par value of W5,000. Using such exchange ratio, the Company distributed 126,276 shares of new issued common stock to minority shareholders of SK IMT Co., Ltd. and the Company retired all shares of SK IMT Co., Ltd. owned by the Company and SK IMT Co., Ltd. upon the merger. The assets and liabilities transferred from SK IMT Co., Ltd. were accounted for at the carrying amounts of SK IMT Co., Ltd.

The condensed balance sheet of SK IMT as of April 30, 2003 and December 31, 2002 and the condensed statements of operations for the period from January 1, 2003 to April 30, 2003 and for the year ended December 31, 2002 are as follows (in millions of Korean won):

|  | Apr. 30, 2003                                | Dec. 31, 2002               |
|--|--|-----------------------------|
|  | -----  | -----                       |
| <b>CONDENSED BALANCE SHEETS</b>            |  |                             |
| Current assets                             | W 332,321                                    | W 963,896                   |
| Fixed asset                                | 1,274,185                                    | 1,274,630                   |
|  | -----  | -----                       |
| Total Assets                               | W1,606,506                                   | W2,238,526                  |
|  | =====  | =====                       |
| Current liabilities                        | W 7,808                                      | W 26,164                    |
| Long-term liabilities                      | 556,444                                      | 558,107                     |
|  | -----  | -----                       |
| Total Liabilities                          | 564,252                                      | 584,271                     |
|  | -----  | -----                       |
| Capital stock                              | 300,000                                      | 300,000                     |
| Capital surplus                            | 1,300,020                                    | 1,300,020                   |
| Retained earnings                          | 47,192                                       | 54,235                      |
| Capital adjustment                         | (604,958)                                    | -                           |
|  | -----  | -----                       |
| Total Stockholders' Equity                 | 1,042,254                                    | 1,654,255                   |
|  | -----  | -----                       |
| Total Liabilities and Stockholders' Equity | W1,606,506                                   | W2,238,526                  |
|  | =====  | =====                       |
| <b>CONDENSED STATEMENTS OF OPERATIONS</b>  |  |                             |
|  | Period from Jan. 1,<br>2003 to Apr. 30, 2003 | Year ended<br>Dec. 31, 2002 |
|  | -----  | -----                       |
| Operating revenue                          | W -  | W -                         |
| Operating expenses                         | (7,009)                                      | (7,737)                     |
|  | -----  | -----                       |
| Operating loss                             | (7,009)                                      | (7,737)                     |
| Non-operating income                       | 12,032                                       | 47,794                      |
| Non-operating expenses                     | (13,694)                                     | (1,265)                     |
|  | -----  | -----                       |
| Ordinary income (loss)                     | (8,671)                                      | 38,792                      |
| Extraordinary gain (loss)                  | -  | -                           |
|  | -----  | -----                       |
| Income before income taxes                 | (8,671)                                      | 38,792                      |
| Income tax benefit (expenses)              | 2,961  | (11,554)                    |

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Net income (loss)

-----  
(W5,710)  
=====

-----  
W27,238  
=====

24. SUBSEQUENT EVENT

In accordance with the approval of its board of directors dated March 12, 2004, the Company issued unguaranteed US dollar denominated bonds with face amounts totaling US\$300 million (Korean won equivalent: W347,850 million) for US\$297.8 million on April 1, 2004. The bonds bear an annual rate of 4.25% and will be repaid in full at its maturity of April 1, 2011.

25. ECONOMIC UNCERTAINTIES

The economic environment in the Republic of Korea continues to be volatile. In addition, the Korean government and the private sector continue to implement structural reforms to historical business practices, including corporate governance. The Company may be either directly or indirectly affected by these economic conditions and the reform program described above. The accompanying non-consolidated financial statements reflect management's assessment of the impact to date of the economic environment on the financial position and results of operations of the Company. Actual results may differ materially from management's current assessment.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SK TELECOM CO., LTD.

By: /s/ Dong Hyun Jang

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Name: Dong Hyun Jang  
Title: Vice President

Date: May 24, 2004