

SK TELECOM CO LTD  
Form 6-K  
November 06, 2007

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

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

**SK Telecom Co., Ltd.**

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

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

*(Address of principal executive offices)*

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

Form 20-F  Form 40-F

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

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

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

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

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

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

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QUARTERLY REPORT

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

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

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

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

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**I. OVERVIEW**

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

**Business Objectives**

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

**2. Company History**

**A. Changes Since Incorporation**

**(1) Date of Incorporation**

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

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

**(2) Location of Headquarters**

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

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

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

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

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

**B. Mergers**

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

Date: January 13, 2002

Registration: January 16, 2002

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

Date: May 1, 2003

Registration: May 7, 2003

**C. Significant Recent Business Events**

N/A

**3. Information Regarding Shares**

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## A. Total number of shares

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

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## B. Capital Stock and Price per Share

(As of June 30, 2007)

(Unit: Won, shares)

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

## C. Acquisition and Disposition of Treasury Shares

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

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

## Notes:

\* Of the  
4,639,542  
shares of

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

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

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

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

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

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

Details of the loan repayment

(As of June 30, 2007)

(Unit: in thousand Won)

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

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

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

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

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

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

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

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

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

**5. Dividends and Others**

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

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

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

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

interim dividend  
amount of Won  
1,000 per share.

## II. BUSINESS

### 1. Business Summary

#### A. Industry Status

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

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

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

##### (2) Industry Growth

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

(Data: Ministry of Information and Communication website)

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## (3) Market Characteristics

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

## B. Company Status

## (1) Market Share

\* Historical market share of the Company

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

\* Comparative market share

(As of June 30, 2007)

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

(Data: Ministry of Information and Communication website)

## (2) New Business Contents and Prospects

N/A

**2. Major Products**

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

(Unit: in million Won, %)

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

## B. Price Trend of Major Products

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

\*

Caller ID  
service became  
free of charge  
beginning  
January 2006.

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

## A. Investments in Progress

(Unit: Won 100 million)

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

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

## B. Future Investment Plan

(Unit: Won 100 million)

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

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



investment  
amount for  
2007.

**4. Derivative Products and Others**

A. Derivatives Contracts

(1) FX Swap

a) Purpose of Contracts: Currency Exchange Risk Hedging

b) Contract Terms

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## Cross Currency Swap

(As of June 30, 2007)

(Unit: in million Won)

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

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

(As of June 30, 2007)

(Unit: in million Won)

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

(2) Interest Rate Swap

a) Purpose of Contracts: Interest Rate Risk Hedging

b) Contract Terms

**Table of Contents**

(As of June 30, 2007)

(Unit: in million Won)

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

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

**5. R&D Investments**

(Unit: in thousand Won)

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

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

\* Domestic procurement

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(Unit: in million Won)

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

\* Overseas  
procurement

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(Unit: in million Won)

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

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## B. Credit Ratings

## (1) Corporate Bonds

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

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

expectation  
conditions.

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## (2) Commercial Paper ( CP )

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

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

## (3) International Credit Ratings

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



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

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

## 1. Summary Financial Statements

(Unit: in million Won)

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

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

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

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

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

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

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

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

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

		(Unit: in thousand Won)			
Term	Contract date	Service provided	Service period	Fee	
<b>1H 2007</b>	March 20, 2007	1Q 2007 Accountants' Review Report Translation	5 days	10,689	
		Tax adjustment for fiscal year 2006	10 days	30,000	
		3Q 2006 Accountants' Review Report Translation	5 days	10,200	
	<b>Year ended December 31, 2006</b>	January 1, 2006	2Q 2006 Accountants' Review Report Translation	5 days	10,200
			1Q 2006 Accountants' Review Report Translation	5 days	10,228
		February 7, 2006	Tax consulting service for fiscal year 2006	25 days	20,000
		March 31, 2006	Tax training for employees of authorized exclusive dealers	50 days	45,000
			Tax adjustment for fiscal year 2005	7 days	27,000
		April 30, 2006	Tax consulting	7 days	45,000
		July 26, 2006	Financial consulting	7 days	40,000
		October 13, 2006	Evaluation of and preparation of recommendations for improvement of subsidiaries' financial system infrastructure	10 days	49,500
		November 13, 2006	Preparation of responses to the U.S. S.E.C. comments on the Company's Form 20-F for 2005	10 days	25,500
		<b>Year ended December 31, 2005</b>	February 4, 2005	Advisory service regarding the set up of the internal control -Form 20-F for the year ended December 31, 2003 -Response to the U.S. S.E.C. comments regarding the Form 6-K including the U.S. GAAP consolidated financial statements for the six months ended June 30, 2004	9 days
March 30, 2005	Tax adjustment for the year ended December 31, 2004		10 days	20,200	
March 31, 2005	Tax consulting		7 days	24,920	
April 15, 2005	Tax consulting		3 days	5,000	
April 29, 2005	Tax consulting		7 days	19,000	
June 1, 2005	2004 English audit		20 days	86,000	
July 18, 2005	Tax consulting		5 days	13,500	
December 31, 2005	Tax consulting	All year (100 hours)	10,000		

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**V. MANAGEMENT STRUCTURE**

**1. Summary of Management Structure**

A. Board of Directors

(1) Authority of the Board of Directors

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

Prior approval of financial statements

Decisions on issuance of new shares

Long-term borrowings, issuance of corporate bonds and redemptions

Capital transfer of reserves

Election of CEO and representatives

Appointment of executive directors

Establishment, transfer or closure of branches

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

Annual business plan and budgeting

Approval of investments of Won 15 billion or above

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

Diversification into new businesses

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

Establishment of subsidiaries

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

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

Enactment of and amendment to the Internal Trading Procedures

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

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

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

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Results for the six months ended June 30 of each year

Execution of investments between Won 5 billion and Won 15 billion

New investments and joint ventures under Won 15 billion

Acquisition of non-operational fixed assets

Disposition of fixed assets of Won 15 billion or above

Matters related to guarantees of under Won 15 billion

Internal trading not subject to approval by the Board of Directors

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

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

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

b) There was no nomination by the shareholders.

(3) Significant Activities of the Board of Directors

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





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

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

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

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



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

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

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

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

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

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

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

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

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- d) Globalization Committee
- Organization

(As of June 30, 2007)

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

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

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

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

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

**B. Audit System**

(1) Establishment and Organization of the Audit Committee

a) The Audit Committee is composed of three or more directors. However, independent non-executive directors must account for 2/3 or more, and the members are elected by the resolution of the Board of Directors each year.

b) The Audit Committee is convened when deemed necessary by the chairman or is requested by two or more of the committee members.

c) The quorum for resolution is majority attendance with majority consent of the attending members.

(2) Authority of the Audit Committee

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

(3) Members of the Audit Committee

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

(4) Major Activities of the Audit Committee

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

## C. Exercise of Voting Rights by the Shareholders

## (1) Use of the Cumulative Voting System



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

b) Articles of Incorporation

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

D. Compensation of Officers and Others

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

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

(2) Granting and Exercise of Stock Options

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

**2. Affiliated Companies**

(1) Summary of Corporate Group

- Name: SK Group

(2) Capital Investments between Affiliated Companies

(As of July 24, 2007)

\* Based on common shares

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



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(As of July 24, 2007)

\* Based on common shares

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

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

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

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

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

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

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

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

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

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

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

(As of June 30, 2007)

(Unit: share, %)

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

Largest shareholder: SK Corporation

Number of related parties: 8 persons

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## B. Shareholders with More than 5% Shareholding

(As of June 30, 2007)

(Unit: share, %)

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

## C. Shareholder Distribution

(As of June 30, 2007)

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

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

## A. Domestic Securities Market

(Unit: Won, shares)

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

## B. Overseas Securities Market

## New York Stock Exchange

(Unit: US\$, ADR)

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

**VII. EMPLOYEES**

(As of June 30, 2007)

(Unit: persons, in million Won)

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

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

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

(As of June 30, 2007)

(Unit: in million Won)

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

## B. Equity Investments

(As of June 30, 2007)

(Unit: in million Won)

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

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

\* Agents

(Unit: in million Won)

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

\* Overseas investment companies

(Unit: in million Won)

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

B. Equity Investments

(Unit: in million Won)

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

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

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

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

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

## 2. Summary Minutes of the Shareholders Meeting

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

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



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

***NON-CONSOLIDATED FINANCIAL STATEMENTS***

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

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

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

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**Independent Accountants' Review Report**

English Translation of a Report Originally Issued in Korean

To the Stockholders and Board of Directors of

SK Telecom Co., Ltd.

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

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

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

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

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

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

July 27, 2007

**Notice to Readers**

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

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

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

and 4)

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

(Continued)



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

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

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

See accompanying notes to non-consolidated financial statements.

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

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

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

(Continued)

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

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

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

(Note 19)

See accompanying notes to non-consolidated financial statements.

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

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



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

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

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

Net Cash Used in Investing Activities	(1,255,204)	(813,164)	(1,360,507)	(881,383)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Cash inflows from financing activities:				
Proceeds from long-term borrowings		200,000		216,779
Increase in guarantee deposits received and other	3,736	1,175	4,049	1,274
Sub-total	3,736	201,175	4,049	218,053
Cash outflows for financing activities:				
Repayment of current portion of long-term debt	(94,980)	(7,489)	(102,948)	(8,117)
Payment of dividends	(508,639)	(588,936)	(551,310)	(638,344)
Decrease in subscription deposits	(1,497)	(1,411)	(1,623)	(1,529)
Decrease in guarantee deposite and other	(7,374)	(1,862)	(7,994)	(2,019)
Sub-total	(612,490)	(599,698)	(663,875)	(650,009)
Net Cash Used in Financing Activities	(608,754)	(398,523)	(659,826)	(431,956)
NET INCREASE IN CASH AND CASH EQUIVALENTS	31,214	469,361	33,832	508,737
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	241,100	151,766	261,327	164,498
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	₩ 272,314	₩ 621,127	\$ 295,159	\$ 673,235

See accompanying notes to non-consolidated financial statements.

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2007**

	Common stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Total Stockholders equity
<b>(In millions of Korean won)</b>						
Balance, January 1, 2007	₩ 44,639	₩ 2,962,699	(₩ 2,019,568)	₩ 473,905	₩ 7,844,753	₩ 9,306,428
Cash dividends					(508,672)	(508,672)
Net income					799,584	799,584
Stock options (Notes 2 and 16)		3,246	(3,246)			
Loss on disposal of treasury stock (Notes 2 and 15)				337		337
Unrealized gain on valuation of long-term investment securities (Notes 2, 3, 17 and 18)				403,043		403,043
Equity in capital surplus and other comprehensive income changes of affiliates (Notes 2, 4, 17 and 18)				136,122		136,122
Gain on valuation of currency swap, net (Notes 2, 17, 18 and 24)				3,203		3,203
Gain on valuation of interest swap (Notes 2, 17, 18 and 24)				1,457		1,457
 Balance, June 30, 2007	 ₩ 44,639	 ₩ 2,965,945	 (₩ 2,022,477)	 ₩ 1,017,730	 ₩ 8,135,665	 ₩ 10,141,502
<b>(In thousands of U.S. dollars)</b>						
<b>(Note 2)</b>						
Balance, January 1, 2007	\$ 48,384	\$ 3,211,250	(\$ 2,188,997)	\$ 513,662	\$ 8,502,877	\$ 10,087,176
Cash dividends paid					(551,349)	(551,349)

Net income					866,664	866,664
Stock options (Notes 2 and 16)	3,518	(3,518)				
Loss on disposal of treasury stock (Notes 2 and 15)		366				366
Unrealized gain on valuation of long-term investment securities (Notes 2, 3 and 18)				436,856		436,856
Equity in capital surplus and other comprehensive income changes of affiliates (Notes 2, 4 and 18)				147,542		147,542
Gain on valuation of currency swap, net (Notes 2, 18 and 24)				3,472		3,472
Gain on valuation of interest swap (Notes 2, 18 and 24)				1,580		1,580
Balance, June 30, 2007	\$ 48,384	\$ 3,214,768	(\$2,192,149)	\$ 1,103,112	\$ 8,818,192	\$ 10,992,307

See accompanying notes to non-consolidated financial statements.

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**Table of Contents****SK TELECOM CO., LTD.****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2007 AND 2006****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 depositary receipts (DRs) are listed on the Stock Market of Korea Exchange (formerly Korea Stock Exchange) and the New York and London Stock Exchanges. As of June 30, 2007, the Company's total issued shares are held by the following:

	Number of shares	Percentage of total shares issued (%)
SK Group	18,748,452	23.09
POSCO Corp.	2,341,569	2.88
Institutional investors and other minority shareholders	51,577,438	63.53
Treasury stock	8,526,252	10.50
	81,193,711	100.00

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying non-consolidated financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the Republic of Korea, using the same accounting policies which were adopted in preparing the annual financial statements. Significant accounting policies followed in preparing the accompanying non-consolidated financial statements are summarized as follows:

## a. Basis of Presentation

The Company maintains its official accounting records in Korean won and prepares statutory non-consolidated financial statements in 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 accounting principles generally accepted in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. The accompanying financial statements have been condensed, restructured and translated into English with certain expanded descriptions 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, changes in stockholders' equity or cash flows, is not presented in the accompanying financial statements.

The accompanying financial statements are stated in Korean won, the currency of the country in which the Company is incorporated and operates. The translation of Korean won amounts into U.S. dollar amounts is included solely for the convenience of readers of financial statements and has been made at the rate of ₩922.60 to US\$1.00, 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 period ended June 30, 2007. 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 that or any other rate.



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b. Adoptions of New Statements of Korea Accounting Standards ( SKAS )

On January 1, 2007, the Company adopted SKAS No. 11 and SKAS No. 21 through No. 24. The adoption of such accounting standards did not have an effect on the financial position of the Company as of June 30, 2007 and the ordinary income and net income of the Company for the three months ended June 30, 2007. Details of primary change due to such adoption of SKAS are as follows:

Pursuant to adoption of SKAS No. 21, Preparation and Presentation of Financial Statements , statement of stockholders equity was prepared for the six months ended June 30, 2007. Unrealized gain/loss on available-for-sale securities, equity in capital adjustments of affiliates and gain/loss on valuation of derivative instruments, which were classified as capital adjustments through 2006, are classified as accumulated other comprehensive income. Long-term loans, guarantee deposits, long-term deposits and others, which were classified as investment assets through 2006, are classified as other non-current assets. The accompanying balance sheet as of December 31, 2006, which is comparatively presented, was reclassified in accordance with SKAS No. 21 and the statement of stockholders equity for the six months ended June 30, 2006 was not prepared as allowed in accordance with the transitional provision of SKAS No. 21.

c. Early adoption of revised SKAS No.2, Interim financial reporting

The Company early adopted the SKAS No. 2, Interim financial reporting revised in May 2005, which requires company to prepare the statements of cash flows and stockholders equity only for the accumulated interim period. Therefore, the statements of cash flows and stockholders equity for the three months ended June 30, 2007 has not been prepared and the statements for the same period of prior year were not presented.

d. Cash Equivalents

Cash equivalents are highly liquid investments and short term financial instruments, which are readily convertible without significant transaction cost, do not have significant risk of changes in interest rates, and with original maturities of three months or less.

e. Allowance for Doubtful Accounts

Allowance for doubtful accounts is provided based on the estimated collectibility of individual accounts and historical bad debt experience.

f. 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. The Company maintains perpetual inventory systems, which are adjusted to physical inventory counts performed at fiscal year end. When the market value of inventories is less than the acquisition cost, the carrying amount is reduced to the market value and any difference is charged to current operations as operating expenses. There was no such loss for the three months and six months ended June 30, 2007 and 2006.

g. 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.

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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 accumulated other comprehensive income and the unrealized gains or losses are reflected in net income when the securities are sold or if impairment is other than temporary. 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 are amortized or accreted, respectively. The Company recognizes write-downs resulting from 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 asset section of the balance sheet if their maturities are within one year; otherwise, such securities are recorded in the non-current section of the balance sheet.

**h. Equity Securities Accounted for Using the Equity Method**

Investment securities of affiliated companies, in which the Company has the ability to exercise significant influence, 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 stockholders' equity of the investee. Differences between the purchase cost and net asset fair value of the investee are amortized over 5 to 20 years using the straight-line method. When applying the equity method of accounting, unrealized inter-company gains and losses are eliminated (See Note 4). In addition, the Company provides for additional losses for those investments accounted for using the equity method that are reduced to zero to the extent that the Company has other investment assets related to the equity method investees.

When the Company's share of equity interest in the equity method investees increases as a result of capital transactions of the investees with (or without) consideration, the increase in the Company's proportionate shares in the investees are treated as goodwill or negative goodwill and when the Company's share of equity interest in the equity method investees decreases as a result of capital transactions of the investees with (or without) consideration, the decrease in the Company's proportionate shares in the investees are accounted for as gain or loss on disposal. However, if equity method investees are subsidiaries, such differences in the Company's proportionate shares in the investees are accounted for as capital adjustments of affiliates in the Company's stockholders' equity.

In translating the foreign currency statements of the Company's foreign-based investees, the Company applies (a) the current rate of exchange at the balance sheet date to the investee's balance sheet items (except historical rates applied for stockholders' equity), and (b) the average rate for the current period for income statements items. After translating the balance sheet and income statements items as noted above, the Company's portion of the amount after deducting the translated total liabilities from translated total assets and equity is recorded as capital adjustment of affiliates in the Company's stockholders' equity.

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## i. Troubled Debt Restructuring

In case that contractual terms such as on the face amount, interest rate, or maturity should be changed to alleviate the debtor's burdens in accordance with an agreement between the creditor and the debtor, initiation of corporate reorganization procedures under court trustee or under debtor's management, the Company recognizes the restructured receivables at present value of the expected future cash flows discounted by the reasonable interest rate and amortizes the difference between face value and present value to interest income using the effective interest rate method.

## j. 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.

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 (See Note 6).

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.

## k. Intangible Assets

Intangible assets are recorded at cost, less amortization computed using the straight-line method over 5 to 20 years. The amortization for the six months ended June 30, 2007 and 2006 were ₩216,443 million and ₩171,260 million, respectively, and for the three months ended June 30, 2007 and 2006 were ₩109,082 million and ₩86,768 million, respectively.

With its application for a license to provide IMT 2000 service, the Company has a commitment to pay ₩1,300,000 million to the Ministry of Information Communication (MIC) → ₩650,000 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% (4.31% as of June 30, 2007). The future payment obligations are ₩110,000 million (related present value discount: ₩7,701 million) in 2008, ₩130,000 million in 2009, ₩150,000 million in 2010 and ₩170,000 million in 2011. On December 4, 2001, SK IMT Co., Ltd. received the IMT 2000 license from MIC, and recorded the total license cost (measured at present value) as an intangible asset. As a result of the merger with SK IMT Co., Ltd., the Company acquired such IMT license of ₩1,259,253 million and assumed the related long-term payable with principal amount of ₩650,000 million on May 1, 2003 (the date of merger). Amortization of the IMT license commenced when the Company started its commercial IMT 2000 service in December 2003, using the straight-line method over the estimated useful life of the IMT license which expires in December 2016. As of June 30, 2007, the present value discount related to the current portion and long-term portion of payments to be made to MIC totaled ₩7,701 million and ₩27,985 million, respectively.

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l. Impairment Losses

When the recoverable amount of assets (that are not recorded at fair value) including investment assets (except for trading and available for sale investments in listed companies), property and equipment, and intangible assets is significantly less than the carrying value due to obsolescence, physical damage, decline in market value or other causes, the carrying value is reduced to the recoverable amount and any difference is charged to current operation as an impairment loss. There was no such impairment loss for the six months ended June 30, 2007 and 2006.

m. Convertible Bonds

The proceeds from issuance of convertible bonds are allocated between the conversion rights and the debt issued; and the portion allocable to the conversion rights is accounted for as capital surplus with a corresponding conversion right adjustment deducted from the related bonds. Such conversion right adjustment is amortized to interest expense using the effective interest rate method over the redemption period of the convertible bonds. The portion allocable to the conversion rights is measured by deducting the present value of the debt at time of issuance from the gross proceeds from issuance of convertible bonds, with the present value of the debt being computed by discounting the expected future cash flows (including call premium, if any) using the effective interest rate applied to ordinary or straight debt of the Company at the issue date.

n. Discounts on Bonds

Discounts on bonds are amortized to interest expense using the effective interest rate method over the redemption period of the bonds.

o. 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 rate method over the redemption period.

p. Provisions, Contingent Liabilities and Contingent Assets

The Company recognizes a provision when i) it has a present obligation as a result of a past event, ii) it is probable that a disbursement of economic resources will be required to settle the obligation, and iii) a reliable estimate can be made of the amount of the obligation (See Note 23). When a possible range of loss in connection with a probable loss contingency as of the balance sheet date is estimable with reasonable certainty, and some amount within that range appears at the time to be a better estimate than any other amount within the range, the Company accrues such amount. When no amount within the range appears to be a better estimate than any other amount, the minimum in that range is recorded.

The Company does not recognize the following contingent obligations as liabilities:

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- Possible obligations related to past events, for which the existence of a liability can only be confirmed upon occurrence of uncertain future event or events outside the control of the Company.
- Present obligations arising out of past events or transactions, for which i) a disbursement of economic resources to fulfill such obligations is not probable or ii) a disbursement of economic resources is probable, but the related amount cannot be reasonably estimated.

In addition, the Company does not recognize potential assets related to past events or transactions, for which the existence of an asset or future benefit can only be confirmed upon occurrence of uncertain future event or events outside the control of the Company.

q. 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 upon termination of their employment based on length of service and rate of pay. 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 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 deposits with outside insurance companies, where the beneficiaries are the Company's employees, totaling ~~₩~~23,182 million and ~~₩~~23,895 million as of June 30, 2007 and December 31, 2006, respectively, are 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 National Pension Fund through March 1999. Such transfers, amounting to ~~₩~~50 million as of June 30, 2007 and December 31, 2006, respectively, are deducted from accrued severance indemnities.

Actual payment of severance indemnities amounted to ~~₩~~2,765 million and ~~₩~~257,120 million for the six months ended June 30, 2007 and 2006, respectively.

Effective March 31, 2006, the Company changed its policy for the severance indemnities applicable to those employees who joined the Company before or on December 31, 2002 from cumulative method, where employees are entitled to get paid more than one month of salary each year depending on the length of service, to simple multiplier method, where employees are paid one month of salary each year regardless of their service period in accordance with the resolution of the Company's joint labor-management conference held on March 16, 2006. As a result of such policy change, the Company has decided to distribute early settlements to those eligible employees on their accumulated severance indemnities as of June 30, 2006 on a mandatory basis. In addition, the Company paid the additional bonuses of ~~₩~~125,890 million for those employees who received the mandatory distribution for their early settlement as compensation for those employees. The Company recorded such compensation costs as special severance indemnities in other expenses for the six months ended June 30, 2006. In addition, the Company executed the early retirement program and the related special bonus of ~~₩~~18,131 million were paid to eligible employees and accounted for as special severance indemnities in other expenses for the six months ended June 30, 2006.

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## r. Accounting for Employee Stock Option Compensation Plan

The Company adopted the fair value based method of accounting for its employee stock option compensation plan (See Note 16). 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 granted before December 31, 2003, 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. In addition, recognized compensation costs related to stock options expired due to such stock options not being exercised within the exercisable period are transferred to other capital surplus from capital adjustments (See Note 13).

## s. 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 other expenses. For operating leases, the future minimum lease payments are expensed ratably over the lease term while contingent rentals are expensed as incurred (See Note 11).

## t. Research and Development Costs

The Company charges substantially all research and development costs to expense as incurred. The Company incurred internal research and development costs of ₩98,394 million and ₩101,755 million for the six months ended June 30, 2007 and 2006, respectively, and ₩47,216 million and ₩48,925 million for the three months ended June 30, 2007 and 2006, respectively. In addition, external research and development costs were ₩38,187 million and ₩33,348 million for the six months ended June 30, respectively, and ₩20,421 million and ₩16,306 million for the three months ended June 30, 2007 and 2006, respectively.

## u. Accounting for Foreign Currency Transactions and Translation

Transactions denominated in foreign currencies are recorded in Korean won based on the prevailing rate of exchange at the dates of transactions. 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 ₩926.80 and ₩929.60 to US\$1.00 at June 30, 2007 and December 31, 2006, respectively. The resulting gains or losses arising from the translation or settlement of such assets and liabilities are included in current operations.

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v. 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 result from the change in the fair value of derivative instruments are reported in current earnings. However, for derivative instruments designated as hedging the exposure of variable cash flows, the effective portions of the gains or losses on the hedging instruments are recorded as a accumulated other comprehensive income (loss) and credited/charged to operations at the time the hedged transactions affect earnings, and the ineffective portions of the gains or losses are credited/charged immediately to operations.

w. Revenue Recognition

Operating revenue is recognized when cellular telephone communication and related services are provided.

x. Income Tax

Income tax expense is determined by adding or deducting the total income tax and surtaxes to be paid for the current period and the changes in deferred income tax assets and liabilities.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognized for all taxable temporary differences with some exceptions and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Deferred income tax assets and liabilities are classified into current and non-current based on the classification of related assets or liabilities for financial reporting purposes (See Note 17).

y. Handset Subsidies to Long-term Mobile Subscribers

Effective March 27, 2006, the Telecommunication Law of Korea was revised to allow wireless carriers to provide handset subsidies to customers who have maintained their wireless account with the same carrier for 18 months or longer to acquire new or renewed customer relationships. The Company commenced its handset subsidy program on the effective date of the revised Telecommunications Law and included a clause in the service contract which allows the Company to change the terms of its subsidy program, including the Company's ability to terminate the program at any time after a thirty day notice to its customers. The Company charges such handset subsidies to commissions paid as the related payments are made.

z. Reclassifications

Certain reclassifications have been made in prior period's financial statements to conform to classifications used in the current period. Such reclassifications did not have an effect on the previously reported net assets as of December 31, 2006 and net income for the three months and six months ended June 30, 2006.

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**Table of Contents****3. INVESTMENT SECURITIES****a. Trading Securities**

Trading securities as of June 30, 2007 and December 31, 2006 are as follows (In millions of Korean won):

	Acquisition cost	June 30, 2007 Fair value	Carrying amount	December 31, 2006 Fair value and carrying amount
Beneficiary certificates	₩ 725,114	₩ 725,114	₩ 725,114	₩ 665,299

**b. Long-term Investment Securities**

Long-term investment securities as of June 30, 2007 and December 31, 2006 are as follows (In millions of Korean won):

	June 30, 2007	December 31, 2006
Available-for-sale equity securities	₩ 1,342,526	₩ 992,455
Available-for-sale debt securities	1,942,144	1,383,969
Total	3,284,670	2,376,424
Less: current portion	(513)	(156)
Long-term portion	₩ 3,284,157	₩ 2,376,268

**b-(1). Available-for-sale Equity Securities**

Available-for-sale equity securities as of June 30, 2007 and December 31, 2006 are as follows (In millions of Korean won):

	June 30, 2007		Carrying amount			
	Number of shares	Percentage (%)	Acquisition cost	Fair value	June 30, 2007	December 31, 2006
<b>(Investments in listed companies)</b>						
Digital Chosunilbo Co., Ltd.	2,890,630	7.8	₩ 5,781	₩ 7,877	₩ 7,877	₩ 5,897
hanarotelecom incorporated	11,045,000	4.8	121,677	100,510	100,510	88,581
KRTnet Corporation	234,150	4.4	1,171	2,728	2,728	2,517
POSCO	2,481,310	2.8	332,662	1,100,461	1,100,461	766,725
Comas Interactive Co., Ltd. (Formerly INNOTG Co., Ltd.)	59,473	0.4	1,695	135	135	83
Extended Computing Environment Co., Ltd.	133,333	3.3	10	860	860	876
Sub-total			462,996	1,212,571	1,212,571	864,679



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	June 30, 2007			Fair value	Carrying amount	
	Number of shares	Percentage (%)	Acquisition cost		June 30, 2007	December 31, 2006
<b>(Investments in non-listed companies)</b>						
LG Powercomm Co., Ltd. (Formerly Powercomm Co., Ltd.)	7,500,000	5.0	240,243	80,370(note a)	80,370	80,370
Japan MBCO	54,000	7.3	27,332(note b)			
Eonex Technologies Inc.	144,000	12.3	3,600(note c)		4,593	4,593
The Korea Economic Daily	2,585,069	13.8	13,964(note c)		13,964	13,964
Others			121,115(note c)		21,526	25,411
Sub-total			406,254		120,453	124,338
<b>(Investments in funds)</b>						
Others			9,502(note c)		9,502	3,438
Sub-total			9,502		9,502	3,438
Total			₩ 878,752		₩ 1,342,526	₩ 992,455

(Note a) The Company recorded its investments in common stock of LG 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 ₩115,908 million (net of tax effect of ₩43,965 million) as of December 31,

2006 was recorded as accumulated other comprehensive income. Based on the opinion of the outside professional valuation company, there was no significant change in LG Powercomm Co., Ltd.'s operation and financial results, which have an effect on the fair value of the common stocks, for the six months ended June 30, 2007. No additional unrealized loss or recovery on valuation of such investments was recorded accordingly.

(Note b) Due to the impairment of the Company's investments in common stock of Japan MBCO, the Company recorded impairment loss on such investments of ~~₩~~27,332 million for the year ended December 31, 2006.

(Note c) As a reasonable estimate of fair value could not be made, the

investment is stated at acquisition cost. The investment in common stock of Eonex Technologies Inc. was reclassified to available-for-sale securities from equity securities accounted for using the equity method during the year ended December 31, 2003, as the Company's ownership in such investees decreased to less than 20% and the Company no longer exercises significant influence. Such securities were transferred to available-for-sale securities at the carrying amount valued using the equity method of accounting prior to the reclassification.

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**Table of Contents****b-(2). Available-for-sale Debt Securities**

Available-for-sale debt securities as of June 30, 2007 and December 31, 2006 are as follows (In millions of Korean won):

		Acquisition cost	Carrying amount June 30, 2007	Carrying amount December 31, 2006
Public bonds	Maturity (note a)	₩ 51,419	₩ 51,269	₩ 51,300
Currency stabilization bonds	(note b)	49,915	49,795	49,894
Closed beneficiary certificates (note c)	October, 2009	5,000	5,070	5,072
Bond-type beneficiary certificates	(note d)	350,000	350,212	
Convertible bonds of Real Telecom Co., Ltd. (note e)	March, 2007	10,656		
Convertible bonds of China Unicom Ltd. (note f)	July, 2009	957,055	1,484,798	1,276,703
Convertible bonds of Eonex Technologies, Inc. (note g)	October, 2008	1,000	1,000	1,000
Total		1,425,045	1,942,144	1,383,969
Less: current portion		(513)	(513)	(156)
Long-term available-for-sale debt securities		₩ 1,424,532	₩ 1,941,631	₩ 1,383,813

The interest income incurred from available-for-sale debt securities for the six months ended June 30, 2007 and 2006 and for the three months ended June 30, 2007 and 2006 were ₩2,352 million and ₩6,886 million, ₩1,077 million and ₩3,289 million, respectively.

(note a) The maturities of public bonds as of June 30, 2007 and December 31, 2006 are as follows (In millions of Korean won):

	Maturity	June 30, 2007	December 31, 2006
Within one year		₩ 513	₩ 156
Within five years		50,756	51,144
		₩ 51,269	₩ 51,300

(note b) The maturities of currency stabilization bonds as of June 30, 2007 and December 31, 2006 are as follows (In millions of Korean won):

	Maturity	June 30, 2007	December 31, 2006
Within five years		₩ 49,795	₩ 49,894

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(note c) Returns on the closed beneficiary certificates were accounted for as interest income.

(note d) The maturities of bond-type beneficiary certificates as of June 30, 2007 and December 31, 2006 are as follows (In millions of Korean won):

	Maturity	June 30, 2007	December 31, 2006
Within five years		₩ 350,212	₩

(note e) Due to the impairment of such bonds, the Company recorded an impairment loss of ₩10,656 million prior to December 31, 2004 and as of June 30, 2007, the principal amount of the bond has not been redeemed at its maturity.

(note f) On July 5, 2006, the Company purchased zero coupon convertible bonds of China Unicom Ltd. with maturity of three years and principal amount of

US\$1,000,000,000  
for  
US\$1,000,000,000.  
Such convertible  
bonds have initial  
conversion price of  
US\$1.111426 per  
share of common  
stock of China  
Unicom Ltd. The  
bond holders may  
redeem their notes  
at 102.82% of the  
principal amount on  
July 5, 2008  
(2 years from the  
issuance date). The  
conversion right  
may be exercised  
during the period  
from July 5, 2007  
to June 29, 2009  
and the number of  
common shares to  
be converted as of  
June 30, 2007 is  
899,745,075 shares.  
Unless either  
previously  
redeemed or  
converted, the notes  
are redeemable at  
104.26% of the  
principal amount at  
maturity. The  
Company recorded  
the convertible  
bonds of China  
Unicom Ltd. at its  
fair value, which  
was estimated by an  
outside professional  
valuation company  
using Cox, Ross &  
Rubinstein Model  
(1979) and discount  
rate of 5.8907%. If  
all such bonds are  
converted, the  
Company's equity  
interest in China

Unicom Ltd. will be  
6.67%.

(note g) On October 11,  
2006, the Company  
purchased  
convertible bonds  
of Eonex  
Technologies, Inc.  
at face value of  
₩1,000 million.  
Such convertible  
bonds can be  
converted into  
7,142 shares of  
common stock of  
Eonex  
Technologies, Inc.  
at ₩140,000 per  
share during the  
period from April 1,  
2007 to October 11,  
2008. Unless either  
previously  
redeemed or  
converted, the notes  
are redeemable at  
106% of the  
principal amount at  
maturity. If all such  
bonds are  
converted, the  
Company's equity  
interest in Eonex  
Technologies, Inc.  
will increase to  
12.9%.

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**Table of Contents****b-(3). Changes in Unrealized Gains (Losses) on Investments in Common Stock**

The changes in unrealized gains (losses) on investments in common stock for the six months ended June 30, 2007 and 2006 are as follows (In millions of Korean won):

	For the six months ended June 30, 2007			
	Beginning balance	Increase/ (decrease)	Transferred to realized gain (loss)	Ending balance
Available-for-sales securities:				
Digital Chosunilbo Co., Ltd.	₩ 116	₩ 1,980	₩	₩ 2,096
hanarotelecom incorporated	(33,096)	11,929		(21,167)
KRTnet Corporation	1,346	211		1,557
POSCO	434,063	333,736		767,799
Comas Interactive Co., Ltd. (Formerly INNOTG Co., Ltd.)	(1,611)	51		(1,560)
Extended Computing Environment Co., Ltd.	866	(16)		850
LG Powercomm Co., Ltd.	(159,873)			(159,873)
Eonex Technologies Inc.	2,011			2,011
Currency stabilization bonds	12	(132)		(120)
Public bonds	(5)	(145)		(150)
Convertible bonds of China Unicom Ltd.	319,648	208,095		527,743
Beneficiary certificates		212		212
Sub-total	563,477	555,921		1,119,398
Less tax effect	(154,956)	(152,878)		(307,834)
Total	₩ 408,521	₩ 403,043	₩	₩ 811,564

	For the six months ended June 30, 2006			
	Beginning balance	Increase/ (decrease)	Transferred to realized gain (loss)	Ending balance
Available-for-sales securities:				
Digital Chosunilbo Co., Ltd.	₩ 14	₩ (1,980)	₩	₩ (1,966)
hanarotelecom incorporated	(65,237)	4,639		(60,598)
KRTnet Corporation	1,475	(293)		1,182
POSCO	168,563	130,269		298,832
Comas Interactive Co., Ltd. (Formerly INNOTG Co., Ltd.)	(1,611)	(10)		(1,621)
LG Powercomm Co., Ltd.	(163,113)			(163,113)
Eonex Technologies Inc.	2,011			2,011
Currency stabilization bonds	(218)	895	(614)	63

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Sub-total	(58,116)	133,520	(614)	74,790
Less: tax effect	15,982	(36,718)	169	(20,567)
Total	₩ (42,134)	₩ 96,802	₩ (445)	₩ 54,223

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**Table of Contents****4. EQUITY SECURITIES ACCOUNTED FOR USING THE EQUITY METHOD**

Equity securities accounted for using the equity method of accounting as of June 30, 2007 and December 31, 2006 are as follows (In millions of Korean won):

	June 30, 2007			Net asset value	Carrying Amount		
	Number of shares	Ownership percentage	Acquisition cost		June 30, 2007	December 31, 2006	
Pantech Co., Ltd.	1,278,515	22.7	₩ 26,309	₩	(note a) ₩	₩	
SK Communications Co., Ltd.	7,844,454	85.9	175,441	146,484		165,570	177,913
SK Telink Co., Ltd.	943,997	90.8	5,296	85,818		85,818	86,284
SK C&C Co., Ltd.	6,000,000	30	19,071	465,947	(note b)	470,209	272,554
SK Wyverns Baseball Club Co., Ltd.	199,997	100	1,000				
STIC Ventures Co., Ltd.	1,600,000	21.9	8,000	8,611		8,611	8,651
Paxnet Co., Ltd.	5,590,452	59.7	26,563	13,162		29,789	30,807
Global Credit &Information Co., Ltd.	300,000	50	2,410	3,118		3,683	3,704
TU Media Corp.	17,538,064	32.7	96,980	16,717	(note c)	26,506	7,016
Aircross Co., Ltd.	1,575,000	100	2,440	3,617	(note d)	3,617	1,713
IHQ, Inc.	13,000,000	34.1	41,846	11,235		33,262	38,938
Seoul Records, Inc.	9,582,321	60	27,874	20,765		23,212	25,995
Harex Info Tech, Inc.	225,000	21.2	3,375	753		1,630	1,835
SK Mobile		42.5	10,322	4,191		4,191	4,643
SLD Telecom PTE. Ltd.	180,476,700	73.3	191,273	111,476		111,850	118,463
Skytel Co., Ltd.	1,756,400	26.4	2,159	5,169		5,169	6,009
SK China Company Ltd.		20.7	3,195	1,086			93
SK Telecom China Co., Ltd.		100	7,340	6,512		6,512	6,536
ULand Company Limited.	14,100,100	70.1	17,511	4,476		4,798	6,761
SK Telecom USA Holdings, Inc.	1,000	100	217,332	32,281	(note e)	32,281	77,786
SK Telecom International, Inc.	1,099	100	17,467	24,864		24,864	25,146
SK USA, Inc.	49	49	3,184	3,016		3,016	2,969
Helio, Inc.	650,000	0.6	1,100	409		409	1,100
Korea IT Fund		63.3	190,000	197,571		197,571	193,060
Centurion IT Investment Association		37.5	2,100	1,821		1,821	3,262
1st Music Investment Fund of SK-PVC		69.3	6,925	7,186		7,186	7,186
2nd Music Investment Fund of		79.3	7,925	8,238		8,238	8,238

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SK-PVC					
SK-KTB Music					
Investment Fund	74.3	14,850	13,623	13,623	15,311
IMM Cinema Fund	45.6	12,000	10,205	10,205	11,569
Michigan Global					
Cinema Fund	36.4	4,000	3,773	3,773	3,773
3rd Fund of Isu					
Entertainment	31.3	2,500	2,419	2,419	2,419
Other investments in					
affiliates		13,054	(note f)	13,042	11,917
Total		₩ 1,160,842		₩ 1,302,875	₩ 1,161,651

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(Note Pantech Co., Ltd. ( Pantech ) requested its creditor banks for a debt restructuring due to  
a) deterioration of its liquidity on December 11, 2006. On December 15, 2006, Pantech entered into creditor banks agreement (the Agreement ) with its eight creditor banks including Korea Development Bank ( KDB ), its main creditor bank. Currently, creditor banks association, which was organized according to the Agreement and represented by KDB, has been supervising Pantech s debt repayment schedule and operations. In the first half of 2007, the Company s shares of Pantech were reduced to 1,278,515 shares from 25,570,306 shares in accordance with the Pantech s stock annexation as twenty to one ratio. As the investment was written down to zero and the Company is not committed to further provide financial support for the investee, equity in losses of affiliates of ₩61,334 million was not recorded through the three months ended March 31, 2007. However, the Company could not estimate additional equity in losses of affiliates for the three months ended June 30, 2007 due to the inability to obtain the financial statements as of and for the six months ended June 30, 2007.

(Note In the first half of 2007, the Company s shares of SK C&C Co., Ltd. were increased to  
b) 6,000,000 shares from 300,000 shares in accordance with the SK C&C Co., Ltd. s stock split as one into twenty.

(Note In the first half of 2007, the Company additionally invested ₩32,368 million in TU Media  
c) Corp. which increased the Company s ownership from 29.6% to 32.7%.

(Note In the first half of 2007, the Company acquired 975,000 shares of Air cross Co., Ltd. s common  
d) stock from WiderThan Co., Ltd. and others, which increased the Company s ownership from 38.1% to 100.0%.

(Note In 2005, the Company incorporated SK Telecom USA Holdings, Inc. with an investment of  
e) US\$122 million in order to invest in and manage Helio, Inc., a joint venture company in the United States of America, which was established in order to provide wireless telecommunication services in the United States of America. In addition, the Company invested an additional US\$39.5 million and US\$19.5 million in SK USA Holdings, Inc. for the six months ended June 30, 2007 and 2006, respectively (See Note 25).

(Note As allowed under Korean GAAP, investments in equity securities of SK Telecom Europe  
f) Limited and others were not accounted for using the equity method of accounting, as changes in the Company s portion of stockholders equity of such investees were not expected to be material.

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Details of the changes in investments in affiliates accounted for using the equity method for the three months and six months ended June 30, 2007 and 2006 are as follows (In millions of Korean won):

		For the six months ended June 30, 2007						
		Beginning balance	Acquisition	Equity in earnings (losses)	Equity in capital surplus and capital adjustments	Dividend received	Other increase (decrease)	Ending balance
SK Communications Co., Ltd.	(Note a)	177,913		(12,293)	(50)			165,570
SK Telink Co., Ltd.	(Notes a and c)	86,284		4,477	(450)	(4,493)		85,818
SK C&C Co., Ltd.	(Notes a and c)	272,554		6,330	192,585	(1,260)		470,209
STIC Ventures Co., Ltd.	(Note b)	8,651		(40)				8,611
Paxnet Co., Ltd.	(Notes a and c)	30,807		(297)	6	(727)		29,789
Global Credit & Information Co., Ltd.	(Note b)	3,704		(21)				3,683
TU Media Corp.	(Notes a and d)	7,016	32,368	(12,842)	(370)		334	26,506
Aircross Co., Ltd.	(Note b)	1,713	2,139	(235)				3,617
IHQ, Inc.	(Notes a and e)	38,938		(5,873)	199		(2)	33,262
Seoul Records, Inc.	(Note a)	25,995		(2,492)	(291)			23,212
Harex Info Tech, Inc.	(Note b)	1,835		(205)				1,630
SK Mobile	(Note a)	4,643		(556)	104			4,191
SLD Telecom PTE Ltd.	(Note a)	118,463		(6,254)	(359)			111,850
Skytel Co., Ltd.	(Notes b and c)	6,009		169	(355)	(654)		5,169
SK China Company Ltd.	(Note b)	93		(112)	19			6,512
		6,536		(24)				

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SK Telecom China Co., Ltd.	(Note b)							
ULand Company Limited.	(Note a)	6,761		(2,110)	145			4,798
SK Telecom USA Holdings, inc.	(Note a)	77,786	18,286	(63,997)	206			32,281
SK Telecom International, Inc.	(Note a)	25,146		(164)	(118)			24,864
SK USA, Inc.	(Note b)	2,969		48	(1)			3,016
	(Notes a and e)							
Helio, Inc.	(Notes a and b)	1,100		(881)		192		409
Korea IT Fund	(Note b)	193,060		5,272	(761)			197,571
Centurion IT Investment	(Note f)	3,262		(64)	(477)	(900)		1,821
1st Music Investment	(Note b)	7,186						7,186
2nd Music Investment	(Note b)	8,238						8,238
SK-KTB Music Investment Fund	(Note a)	15,311		(235)	(1,453)			13,623
	(Note a)							
IMM Cinema Fund	(Note b)	11,569		(1,391)	27			10,205
Michigan Global Cinema Fund	(Note b)	3,773						3,773
3rd Fund of Isu Entertainment	(Note b)	2,419						2,419
		1,149,734	52,793	(93,790)	188,606	(7,134)	(376)	1,289,833
Less: three months ended March 31, 2007			47,227	(45,037)	60,867	(6,480)	(445)	
Three months ended June 30, 2007			5,566	(48,753)	127,739	(654)	69	

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- (Note Investments were recorded using the equity method of accounting based on unaudited and
- a) unreviewed financial statements as of and for the six months ended June 30, 2007 In order to verify the reliability of such unaudited and unreviewed financial statements, the Company has performed the following procedures and found no significant errors:
- i) obtained the signature from the chief executive officer of the equity method investee asserting that the unaudited and unreviewed financial statements are accurate
  - ii) checked whether the major transactions identified by the Company, including public disclosures, were appropriately reflected in the unaudited and unreviewed financial statements
  - iii) performed an analytical review on the unaudited and unreviewed financial statements
- (Note Investments in equity securities are carried using the equity method of accounting based on the
- b) financial statements as of December 31, 2006 as information as of June 30, 2007 was not available and the change in the Company's portion of stockholders' equity of the investee for the six months ended June 30, 2007 was immaterial.
- (Note The Company received dividends from SK Telink Co., Ltd., SK C&C Co., Ltd., Paxnet Co.,
- c) Ltd. and Skytel co., Ltd. and the corresponding amount was deducted from the carrying amount of equity method securities.
- (Note Other increase in investments in TU Media Corp. represents realization of equity in other
- d) comprehensive income of affiliates as TU Media Corp. became the Company's subsidiary as a result of the Company's additional investment in TU Media Corp. for the six months ended June 30, 2007.
- (Note Other increase (decrease) in investments in equity securities of IHQ, Inc. and Helio, Inc.
- e) represent gains on disposal of investments in equity securities, which have resulted from the dilution of the Company's ownership as a result of capital transactions of the investees.
- (Note Other decrease in investments in Centurion IT Investment Association resulted from the
- f) collection of a portion of the Company's investment.
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		For the six months ended June 30, 2006						
		Beginning	Acquisition	Equity in	Equity in	Dividend	Other	Ending
		balance		earnings	surplus	received	increase	balance
		₩	₩	(losses)	and capital	₩	(decrease)	₩
					adjustments			
Pantech Co., Ltd.		₩ 55,634	₩	₩ (2,381)	₩ (100)	₩	₩	₩ 53,153
SK Capital Co., Ltd.	(Note a)	37,501		5				37,506
SK Communications Co., Ltd		158,170		9,831	1,972			169,973
SK Telink Co., Ltd.		70,863		7,442	37			78,342
SK C&C Co., Ltd.		198,251		11,643	(2,150)	(990)		206,754
SK Wyverns Baseball Club Co., Ltd.	(Note a)							
STIC Ventures Co., Ltd.	(Note a)	8,308		71				8,379
Paxnet Co., Ltd.		27,372		1,218	103			28,693
Global Credit & Information Co., Ltd.	(Note a)	3,276		(20)				3,256
TU Media Corp.		32,393		(13,079)				19,314
Aircross Co., Ltd.	(Note a)	970		(4)				966
WiderThan Co., Ltd.	(Note a)	12,827		(500)	(54)		(770)	11,503
IHQ, Inc.		13,935		(504)	417		553	14,401
Seoul Records, Inc.		27,242		(591)				26,651
Harex Info Tech, Inc.		2,568		(213)				2,355
SK Mobile			10,322	(578)	(94)			9,650
SLD Telecom PTE Ltd.		55,358	97,286	(6,893)	(12,636)			133,115
Skytel Co., Ltd.	(Note a)	4,872		111	197	(328)		4,852
SK China Company Ltd.	(Note a)	483		2				485
SK Telecom China Co., Ltd.		6,927		(269)	(21)			6,637
ULand Company Limited.		12,564		(3,196)	1,039			10,407
SK Telecom USA Holdings, inc.		103,751	38,280	(27,341)	(6,422)			108,268
		25,957		240	(1,277)			24,920

SK Telecom International, Inc.								
	(Note							
SK USA, Inc.	a)	3,353	(75)	74				3,352
Korea IT Fund			2,646	5,006		190,000		197,652
Centurion IT								
Investment	(Note							
Association	a)	3,635	(616)	57				3,076
1st Music								
Investment Fund	(Note							
of SK-PVC	a)	6,990	5					6,995
2nd Music								
Investment Fund	(Note							
of SK-PVC	a)	7,966						7,966
SK-KTB Music								
Investment Fund		14,999	184					15,183
IMM Cinema								
Fund		11,884	(32)					11,852
SKT-HP Ventures, LLC		5,272	18			(5,290)		
Total		₩913,321	145,888	(22,876)	(13,852)	(1,318)	184,493	₩1,205,656
Less: three months ended March 31, 2006			145,888	(7,786)	46,993	(990)	(597)	
Three months ended June 30, 2006		₩	₩(15,090)	₩(60,845)	₩(328)	₩185,090		

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(Note Investments in equity securities are carried using the equity method of accounting based on the financial statements as of December 31, 2005 as information as of June 30, 2006 was not available and the change of the Company's portion of shareholders' equity of the investee for the six months ended June 30, 2006 was not expected to be material.

Details of changes in the differences between the acquisition cost and net asset value of equity method investees at the acquisition date for the three months and six months ended June 30, 2007 and 2006 are as follows (In millions of Korean won):

	For the six months ended June 30, 2007			Ending balance
	Beginning balance	Increase	Amortization	
SK Communications Co., Ltd.	₩ 22,417	₩	₩ (699)	₩ 21,718
SK C&C Co., Ltd.	4,464		(203)	4,261
Paxnet Co., Ltd.	17,164		(536)	16,628
Global Credit & Information Co., Ltd.	587		(21)	566
TU Media Corp.	784	9,572	(567)	9,789
IHQ, Inc.	24,780		(2,753)	22,027
Seoul Records, Inc.	2,855		(408)	2,447
Harex Info Tech, Inc.	1,051		(175)	876
SLD Telecom PTE Ltd.	384		(11)	373
ULand Company Limited	4,502		(129)	4,373
Helio, Inc.		38	(38)	
<b>Total</b>	<b>₩ 78,988</b>	<b>9,610</b>	<b>(5,540)</b>	<b>₩ 83,058</b>
Less three months ended March 31, 2007		9,610	(2,557)	
Three months ended June 30, 2007		₩	₩ (2,983)	

	For the six months ended June 30, 2006			Ending balance
	Beginning balance	Increase	Amortization	
Pantech Co., Ltd.	₩ 793	₩	₩ (21)	₩ 772
SK Communications Co., Ltd.	23,814		(699)	23,115
SK C&C Co., Ltd.	4,870		(203)	4,667
Paxnet Co., Ltd.	18,237		(536)	17,701
Global Credit & Information Co., Ltd.	628		(21)	607
TU Media Corp.	993		(105)	888
IHQ, Inc.	6,267	(72)	(734)	5,461
Seoul Records, Inc.	3,670		(408)	3,262
Harex Info Tech, Inc.	1,402		(175)	1,227
SK Mobile		3,192	(159)	3,033
SLD Telecom PTE Ltd.	406		(11)	395
ULand Company Limited	3,628	1,132	(129)	4,631
<b>Total</b>	<b>₩ 64,708</b>	<b>4,252</b>	<b>(3,201)</b>	<b>₩ 65,759</b>

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Less three months ended March 31, 2006	4,297	(1,433)
Three months ended June 30, 2006	₩ (45)	₩ (1,768)

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Details of changes in unrealized inter-company gains incurred from sales of assets for the three months and six months ended June 30, 2007 and 2006 are as follows (In millions of Korean won):

		For the six months ended June 30, 2007			
Subsidiary		Beginning balance	Increase	Decrease	Ending balance
SK Communications Co., Ltd.		₩ 2,913	₩ 263	₩ (545)	₩ 2,631
ULand Company Limited.			4,051		4,051
SK China Company Ltd.		1,086			1,086
Total		₩ 3,999	4,314	(545)	₩ 7,768
Less three months ended March 31, 2007			2,990	(325)	
Three months ended June 30, 2007			₩ 1,324	₩ (220)	
		For the six months ended June 30, 2006			
Subsidiary		Beginning balance	Increase	Decrease	Ending balance
Pantech Co., Ltd.		₩	₩ 270	₩	₩ 270
SK Communications Co., Ltd.		4,016		(686)	3,330
SK China Company Ltd.		1,086			1,086
Total		₩ 5,102	270	(686)	₩ 4,686
Less three months ended March 31, 2006				(478)	
Three months ended June 30, 2006			₩ 270	₩ (208)	

Details of market price of the equity securities accounted for using the equity method as of June 30, 2007 are as follows (In millions of Korean won, except for market price per share):

	Market price per share (In Korean won)	Shares owned by the Company	Market price
IHQ, Inc.	5,300	13,000,000	₩68,900
Seoul Records, Inc.	3,420	9,582,321	₩32,772

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The condensed financial information of the investees as of and for the six months ended June 30, 2007 is as follows (In millions of Korean won):

	Total assets	Total liabilities	Revenue	Net income (loss)
SK Communications Co., Ltd.	₩ 300,627	₩ 117,646	₩ 87,680	(₩13,411)
SK Telink Co., Ltd.	147,103	52,558	113,803	6,468
SK C&C Co., Ltd.	2,725,165	1,172,007	458,554	36,060
Paxnet Co., Ltd.	31,255	8,620	16,865	508
TU Media Corp.	398,247	347,125	53,979	(40,023)
IHQ, Inc.	64,186	28,830	20,457	(8,163)
Seoul Records, Inc.	41,943	7,334	16,724	(3,476)
SK Mobile	11,664	1,803	1,156	(1,361)
SLD Telecom PTE Ltd.	185,746	33,706	934	(9,499)
ULand Company Limited	6,486	106	1,902	2,072
SK Telecom USA Holdings, Inc.	32,425	144		(65,487)
SK Telecom International, Inc.	27,702	2,839	8,331	(53)
Korea IT Fund	311,954		11,387	8,322
SKT-KTB Music Investment Fund	18,420	53	279	(316)
IMM Cinema Fund	22,367		1,267	(2,013)
Helio, Inc.	158,038	91,687	59,355	(137,111)

**5. LOANS TO EMPLOYEES**

Short-term and long-term loans to employees as of June 30, 2007 and December 31, 2006 are as follows (In millions of Korean won):

	Short-term	June 30, 2007 Long-term	Total	December 31, 2006
Loans to employees stock ownership association	₩ 1,926	₩ 3,791	₩ 5,717	₩ 7,526
Loans to employees for housing and other	77	162	239	277
Total	₩ 2,003	₩ 3,953	₩ 5,956	₩ 7,803

**6. PROPERTY AND EQUIPMENT**

Property and equipment as of June 30, 2007 and December 31, 2006 are as follows (In millions of Korean won):

	Useful lives  (years)	June 30, 2007	December 31, 2006
Land		₩ 449,645	₩ 462,393
Buildings and structures	30,15	1,489,808	1,488,824
Machinery	6	11,664,404	11,235,472
Vehicles	4	21,211	21,136
Other	4	933,437	956,670
Construction in progress		180,925	130,667

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	14,739,430	14,295,162
Less: accumulated depreciation	(10,322,774)	(9,877,050)
Property and equipment, net	₩ 4,416,656	₩ 4,418,112

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The standard value of land declared by the government as of June 30, 2007 and December 31, 2006 are ₩550,211 million and ₩506,831 million, respectively.

Details of change in property and equipment for the three months and six months ended June 30, 2007 and 2006 are as follows (In millions of Korean won):

	Beginning balance	For the six months ended June 30, 2007				Ending Balance
		Acquisition	Disposal	Transfer	Depreciation	
Land	₩ 462,393	₩ 451	₩ (14,480)	₩ 1,281	₩	₩ 449,645
Buildings and structures	1,101,232	468	(792)	1,691	(27,913)	1,074,686
Machinery	2,346,517	29,473	(4,360)	552,631	(540,681)	2,383,580
Vehicles	2,341	1,444	(67)		(848)	2,870
Other	374,962	448,178	(12,231)	(438,524)	(47,436)	324,949
Construction in progress	130,667	218,009		(167,750)		180,926
<b>Total</b>	<b>₩ 4,418,112</b>	<b>698,023</b>	<b>(31,930)</b>	<b>(50,671)</b>	<b>(616,878)</b>	<b>₩ 4,416,656</b>
Less three months ended March, 31, 2006		288,514	(16,183)	(14,106)	(284,980)	
Three months ended June 30, 2006		₩ 409,509	₩ (15,747)	₩ (36,565)	₩ (331,898)	
	Beginning balance	For the six months ended June 30, 2006				Ending Balance
		Acquisition	Disposal	Transfer	Depreciation	
Land	₩ 461,513	₩	₩ (344)	₩ 801	₩	₩ 461,970
Buildings and structures	1,145,497	657	(527)	825	(27,697)	1,118,755
Machinery	2,429,564	492	(633)	160,861	(500,755)	2,089,529
Vehicles	2,786	723	(86)		(830)	2,593
Other	292,214	313,212	(13,140)	(140,504)	(38,672)	413,110
Construction in progress	264,309	116,048		(37,879)		342,478
<b>Total</b>	<b>₩ 4,595,883</b>	<b>431,132</b>	<b>(14,730)</b>	<b>(15,896)</b>	<b>(567,954)</b>	<b>₩ 4,428,435</b>
Less three months ended March, 31, 2006		86,106	(1,424)	(4,741)	(276,654)	
Three months ended June 30, 2006		₩ 345,026	₩ (13,306)	₩ (11,155)	₩ (291,300)	





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Intangible assets as of June 30, 2007 and December 31, 2006 are as follows (In millions of Korean won):

	June 30, 2007			December 31, 2006		
	Acquisition cost	Accumulated amortization	Carrying amounts	Acquisition cost	Accumulated amortization	Carrying amounts
Goodwill	₩ 2,335,532	₩ (707,641)	₩ 1,627,891	₩ 2,335,532	₩ (643,310)	₩ 1,692,222
Frequency use rights	1,385,120	(366,553)	1,018,567	1,385,120	(308,287)	1,076,833
Software development costs	232,025	(204,345)	27,680	231,318	(190,611)	40,707
Computer software	913,604	(379,804)	533,800	858,375	(303,272)	555,103
Other	116,250	(71,942)	44,308	109,753	(69,459)	40,294
	₩ 4,982,531	₩ (1,730,285)	₩ 3,252,246	₩ 4,920,098	₩ (1,514,939)	₩ 3,405,159

Details of changes in intangible assets for the three months and six months ended June 30, 2007 and 2006 are as follows (In millions of Korean won):

	For the six months ended June 30, 2007					
	Beginning balance	Increase	Decrease	Transfer	Amortization	Ending Balance
Goodwill	₩ 1,692,222	₩	₩	₩	₩ (64,331)	₩ 1,627,891
Frequency use rights	1,076,833				(58,266)	1,018,567
Software development costs	40,707			707	(13,734)	27,680
Computer software	555,103	5,434	(7)	50,046	(76,776)	533,800
Other	40,294	7,565	(255)	40	(3,336)	44,308
Total	₩ 3,405,159	12,999	(262)	50,793	(216,443)	₩ 3,252,246
Less three months ended March 31, 2006		3,514	(146)	14,228	(107,361)	
Three months ended June 30, 2006		₩ 9,485	₩ (116)	₩ 36,565	₩ (109,082)	

	For the six months ended June 30, 2006					
	Beginning balance	Increase	Decrease	Transfer	Amortization	Ending Balance
Goodwill	₩ 1,820,884	₩	₩	₩	₩ (64,331)	₩ 1,756,553
Frequency use rights	1,184,292				(49,871)	1,134,421
Software development costs	61,255			3,877	(15,987)	49,145
Computer software	279,758	4,236	(1)	13,070	(38,038)	259,025
Other	40,358	1,414	(19)	106	(3,033)	38,826

Total	₩ 3,386,547	5,650	(20)	17,053	(171,260)	₩ 3,237,970
Less three months ended March 31, 2006		1,573	(16)	5,192	(84,492)	
Three months ended June 30, 2006		₩ 4,077	₩ (4)	₩ 11,861	₩ (86,768)	

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The book value as of June 30, 2007 and residual useful lives of major intangible assets are as follows (In millions of Korean won):

	Amount	Description	Residual useful lives
Goodwill	₩1,627,891	Goodwill related to acquisition of Shinsegi Telecomm, Inc.	12 years and 9 months
IMT license	916,317	Frequency use rights relating to W-CDMA Service	(Note a)
WiBro license	95,885	WiBro Service	(Note b)
DMB license	6,365	DMB Service	9 years

(Note a) Amortization of the IMT license commenced when the Company started its commercial IMT 2000 service in December 2003, using the straight-line method over the estimated useful life (12 years and 9 months) of the IMT license which expires in December 2016.

(Note b) The Company purchased the WiBro license from MIC on March 30, 2005. The license period is seven years from the purchase date. Amortization of the WiBro license commenced when the Company started its commercial WiBro services on June 30, 2006 using the straight line basis over the remaining useful life (5 years and 9 months).

**8. BONDS PAYABLE**

Bonds payable as of June 30, 2007 and December 31, 2006 are as follows (In millions of Korean won and thousands of U.S. dollars):

	Maturity year	Annual interest rate (%)	June 30,	December 31,
			2007	2006
Domestic general bonds	2007	5.0 - 6.0	₩ 700,000	₩ 700,000
	2008	5.0	300,000	300,000
	2009	5.0	300,000	300,000
	2010	4.0	200,000	200,000
	2011	3.0	200,000	200,000
	2013	4.0	200,000	200,000
	2016	5.0	200,000	200,000
Dollar denominated bonds (US\$300,000)	2011	4.25	278,040	278,880
Convertible bonds (US\$304,240)	2009		356,356	356,356
Total			2,734,396	2,735,236
Less discounts on bonds			(32,939)	(39,097)
Less conversion right adjustments			(35,132)	(43,629)
Add long-term accrued interest			22,910	22,910
Net			2,689,235	2,675,420
Less portion due within one year			(998,052)	(696,546)
Long-term portion			₩ 1,691,183	₩ 1,978,874



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

On May 27, 2004, the Company issued zero coupon convertible bonds with a maturity of five years in the principal amount of US\$329,450,000 for US\$324,923,469, with an initial conversion price of ₩235,625 per share of the Company's common stock, which was greater than market value at the date of issuance. Subsequently, the initial conversion price was changed to ₩211,943 per share in accordance with anti-dilution protection. The Company may redeem the principal amount after 3 years from the issuance date if the market price exceeds 130% of the conversion price during a predetermined period. On the other hand, the bond holders may redeem their notes at 103.81% of the principal amount on May 27, 2007 (3 years from the issuance date). The conversion right may be exercised during the period from July 7, 2004 to May 13, 2009 and the number of common shares to be converted as of December 31, 2006 is 1,649,014 shares. During the six months ended June 30, 2007, the conversion price was changed from ₩217,062 to ₩211,943 and the number of shares to be converted was changed from 1,649,014 shares to 1,688,842 shares due to the payment of annual dividends in accordance with the resolution of the Company's board of directors dated January 25, 2007.

Conversion of notes to common shares may be prohibited under the Telecommunications Law or other legal restrictions which restrains foreign governments, individuals and entities from owning more than 49% of the Company's voting stock, if this 49% ownership limitation is violated due to the exercise of conversion rights. In this case, the Company will pay a bond holder as cash settlement determined at the average price of one day after a holder exercises its conversion right or the weighted average price for the following five business days. The Company intends to sell treasury shares held in trust by the Company that corresponds to the number of shares of common stock that would have been delivered in the absence of the 49% foreign shareholding restrictions. The Company entered into an agreement with Credit Suisse First Boston International to reduce the effect of fluctuation with respect to cash settlement payments that may be more or less than the proceeds from sales of treasury shares held in trust. Unless either previously redeemed or converted, the notes are redeemable at 106.43% of the principal amount at maturity. During the six months ended June 30, 2007, no conversion was made. During the year ended December 31, 2006, the convertible bonds with a principal amount of US\$25,210,000 were converted into 136,163 shares of treasury stock, the principal amount of the convertible bonds decreased from US\$329,450,000 to US\$304,240,000. As a result of such conversion, the consideration for conversion right (capital surplus) decreased by ₩3,733 million (net of tax effect of ₩1,416 million).

**9. LONG-TERM BORROWINGS**

Long-term borrowings as of June 30, 2007 and December 31, 2006 are as follows (In millions of Korean won and thousands of U.S. dollars):

	Lender	Final maturity year	Annual interest rate (%) (note)	June 30, 2007	December 31, 2006
Long-term floating rate discount bill	Shinhan Bank	June 29, 2010	91 days CD yield + 0.25%	₩ 200,000	₩ 200,000
Long-term floating rate borrowings	Calyon Bank	October 10, 2013	6M LIBOR + 0.29%	US\$ 50,000	US\$ 50,000
	DBS Bank			US\$ 25,000	US\$ 25,000
	SMBC			US\$ 25,000	US\$ 25,000
Total			US\$ 100,000	US\$ 100,000	
			₩ 200,000	₩ 200,000	
Equivalent in Korean won			₩ 292,680	₩ 292,960	
Less portion due within one year					

Long-term borrowings

₩ 292,680 ₩ 292,960

The above long-term floating rate discount bill is classified as long-term borrowing as the borrowing is to be rolled-over exceeding 1 year from June 30, 2007 in accordance with the loan agreement. (note) At June 30, 2007, the 91 days CD yield and the 6M LIBOR rate are 5.00% and 5.38%, respectively.

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The Company receives subscription deposits from customers of cellular services at the subscription date. The Company has no obligation to pay interest on subscription deposits but is required to return them to subscribers upon termination of the subscription contract.

Long-term subscription deposits held as of June 30, 2007 and December 31, 2006 are as follows (In millions of Korean won except deposit per subscriber amounts):

	Service type	Deposit per subscriber	June 30, 2007	December 31, 2006
Cellular		₩ 200,000	₩ 19,643	₩ 21,140

The Company offers existing and new cellular subscribers the option of obtaining credit insurance from Seoul Guarantee Insurance Company ( SGIC ) in lieu of the subscription deposits. Existing subscribers who elect this option are refunded their subscription deposits. As a result, the balance of subscription deposits has been decreasing.

**11. LEASES**

The Company acquired certain computer equipment and software from SK C&C Co., Ltd. and succeeded certain capital lease agreements between SK C&C Co., Ltd. and HP Financial Service. Details of capital lease assets acquired and liabilities assumed from SK C&C Co., Ltd. as of and for the six months ended June 30, 2007 and as of and for the year ended December 31, 2006 are as follows (In millions of Korean won):

		June 30, 2007	December 31, 2006
Acquisition cost	Office equipment	₩ 8,271	₩ 15,784
	Computer software	5,728	7,180
		₩ 13,999	₩ 22,964
Accumulated depreciation	Office equipment	₩ 5,524	₩ 8,662
	Computer software	1,814	1,555
		₩ 7,338	₩ 10,217
Carrying amounts	Office equipment	₩ 2,747	₩ 7,122
	Computer software	3,914	5,625
		₩ 6,661	₩ 12,747
Depreciation expenses	Office equipment	₩ 985	₩ 8,071
	Computer software	573	1,437
		₩ 1,558	₩ 9,508



The Company's minimum future lease payments as of June 30, 2007 are as follows (In millions of Korean won):

	Annual lease payments	Interest	Principal
2008	₩ 4,993	₩ (134)	₩ 4,859
Less portion due within one year			(4,859)
Capital lease liabilities			₩

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**Table of Contents****12. MONETARY 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, respectively) as of June 30, 2007 and December 31, 2006 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 Singapore dollars, thousands of Swiss Franc, thousands of Euros and thousands of Chinese yuan):

	June 30, 2007		December 31, 2006	
	Foreign currencies	Korean won equivalent	Foreign currencies	Korean won equivalent
Cash and cash equivalents	US\$ 1,533	₩ 1,421	US\$ 959	₩ 892
	EUR 50	63	EUR 2	2
Accounts receivable trade	US\$ 22,461	20,817	US\$ 16,534	15,370
	EUR 248	309	EUR 248	303
	CNY 5,620	684		
Accounts receivable other	US\$ 913	846	US\$ 1,657	1,541
Guarantee deposits	US\$ 12	11	US\$ 17	16
	JPY 21,657	163	JPY 21,536	168
		₩ 24,314		₩ 18,292
Accounts payable	US\$ 10,942	10,141	US\$ 16,046	14,916
	JPY 42,809	322	JPY 18,704	146
	HK\$158	19	HK\$190	23
	GBP33	60	GBP48	88
	SG\$16	9	SG\$6	3
	EUR 489	610	EUR 813	993
			CHF 250	190
	CNY 2	1	CNY 2	1
		₩ 11,162		₩ 16,360

**13. CAPITAL STOCK AND CAPITAL SURPLUS**

The Company's capital stock consists entirely of common stock with a par value of ₩. 500. The number of authorized and issued shares as of June 30, 2007 and December 31, 2006 are as follows:

	June 30, 2007	December 31, 2006
Authorized shares	220,000,000	220,000,000
Issued shares	81,193,711	81,193,711
Outstanding shares, net of treasury stock	72,667,459	72,667,459

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Significant change in capital stock and capital surplus for the six months ended June 30, 2007 and for the year ended December 31, 2006 are as follows (In millions of Korean won except for share data):

	Number of shares issued	Capital stock	Capital surplus
At January 1, 2006	82,276,711	₩ 44,639	₩ 2,966,198
Consideration for conversion right (note a) Transferred from stock options in capital adjustment (note b)			(3,733) 234
Retirement of treasury stock (note c)	(1,083,000)		
At December 31, 2006	81,193,711	44,639	2,962,699
Transferred from stock options in capital adjustment (note d)			3,246
At June 30, 2007	81,193,711	₩ 44,639	₩ 2,965,945

(note a) During the year ended December 31, 2006, the convertible bonds with a face value of US\$25,210,000 were converted and the capital surplus amount (in connection with the related conversion rights) decreased by ₩ 3,733 million (net of tax effect of ₩ 1,416 million).

(note b) During the year ended December 31, 2006, the

exercisable period for the stock options representing 43,390 shares, of which recognized compensation costs were ₩ 234 million, expired and the related stock options of ₩ 234 million in capital adjustments were transferred to capital surplus in accordance with Korean GAAP [See Note 2 (r)].

(note c) The Company retired 491,000 shares and 592,000 shares of treasury stock on August 17, 2006 and September 29, 2006, respectively, and reduced retained earnings before appropriations in accordance with Korean Commercial laws.

(note d) During the six months ended June 30, 2007, the exercisable period for the stock options representing 65,730 shares, for which the

Company  
recognized  
compensation  
costs of ₩  
3,246 million,  
expired and the  
related stock  
options of ₩  
3,246 million in  
capital  
adjustments  
were transferred  
to capital  
surplus in  
accordance with  
Korean GAAP  
[See Note 2 (r)].

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**Table of Contents****14. RETAINED EARNINGS**

Retained earnings as of June 30, 2007 and December 31, 2006 are as follows (In millions of Korean won):

	June 30, 2007	December 31, 2006
Appropriated	₩ 7,335,037	₩ 6,679,234
Before appropriations	800,628	1,165,519
	₩ 8,135,665	₩ 7,844,753

The details of appropriated retained earnings as of June 30, 2007 and December 31, 2006 are as follows (In millions of Korean won):

	June 30, 2007	December 31, 2006
Legal reserve	₩ 22,320	₩ 22,320
Reserve for improvement of financial structure	33,000	33,000
Reserve for loss on disposal of treasury stock	255,984	477,182
Reserve for research and manpower development	872,595	880,594
Reserve for business expansion	6,151,138	5,266,138
Total	₩ 7,335,037	₩ 6,679,234

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 for tax purposes. These reserves will be reversed from appropriated retained earnings in accordance with the relevant tax laws. Such reversal will be included in taxable income in the year of reversal.

**Table of Contents****15. TREASURY STOCK**

Upon issuances of stock dividends and new common stock, and the merger with Shinsegi Telecomm, Inc. and SK IMT Co., Ltd., the Company acquired fractional shares totaling 77,970 shares for ₩ 6,110 million through 2005. In addition, the Company acquired 8,584,445 shares of treasury stock in the market or through the trust funds for ₩ 2,040,995 million through 2005 in order to stabilize the market price of its stock. In addition, during the year ended December 31, 2006, the convertible bonds with a principal amount of US\$25,210,000 were converted into 136,163 shares of common stock. Such conversion was settled by the Company by using its treasury stock with carrying value totaling ₩ 32,178 million, which resulted in loss on disposal of treasury stock of ₩ 7,887 million. In addition, the losses on disposal of treasury stock decreased by ₩ 337 million for the six months ended June 30, 2007 to reflect the change in accumulated temporary differences related to treasury stocks based on the prior year tax return.

On August 17, 2006, the Company retired 491,000 shares of treasury stock, which were acquired by the Company during the period from August 1, 2006 through August 14, 2006 for ₩ 92,518 million in accordance with a resolution of the board of directors dated July 28, 2006. On September 29, 2006, the Company retired 592,000 shares of treasury stock, which were acquired by the Company during the period from September 4, 2006 through September 27, 2006 for ₩ 116,559 million in accordance with a resolution of the board of directors dated August 31, 2006. In connection with the retired treasury stocks discussed above, the Company reduced its retained earnings before appropriations by ₩ 209,077 million in accordance with Korean Commercial law.

There was no change in the shares of treasury stock for the six months ended June 30, 2007.

**16. STOCK OPTIONS**

On March 17, 2000, March 16, 2001 and March 8, 2002, in accordance with the approval of its stockholders or its board of directors, the Company granted stock options to its management, representing 17,800 shares at an exercise price of ₩ 424,000 per share, 43,820 shares at an exercise price of ₩ 211,000 per share and 65,730 shares at an exercise price of ₩ 267,000 per share. The stock options will become exercisable after three years from the date of grant and shall be exercisable for two years from the first exercisable date. Upon exercise of stock options, the Company will issue its common stock. If the employees leave the Company within three years after the grant of stock options, such employees forfeit their unvested stock options awarded. Stock options representing 530 shares for which total compensation cost was ₩ 3 million were forfeited during the year ended December 31, 2004

The value of stock options granted is determined using the Black-Scholes option-pricing model, without considering the 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 ₩ 500 per share for 2000, 2001 and 2002. Under these assumptions, total compensation cost, the recognized compensation cost (included in labor cost) for the three months and six months ended June 30, 2007 and 2006 and the outstanding balance of stock options in capital adjustment as of June 30, 2007 and December 31, 2006 are as follows (In millions of Korean won):

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Grant date	Total Compensation cost		Recognized compensation cost for the three months ended June 30,		Recognized compensation cost for the six months ended June 30,		Stock options in capital adjustment	
			2007	2006	2007	2006	June 30, 2007	December 31, 2006
March 17, 2000(Note a)	₩	1,533	₩	₩	₩	₩	₩	
March 16, 2001(Note b)		234						
March 8, 2002(Note c)		3,246						3,246
	₩	5,013	₩	₩	₩	₩	₩	₩ 3,246

(note a) During the year ended December 31, 2005, the exercisable period expired for stock options representing 17,800 shares, for which the Company had recognized compensation cost of ₩ 1,533 million. The related capital adjustment of ₩ 1,533 million was transferred to capital surplus.

(note b) During the year ended December 31, 2006, the exercisable period expired for stock



options representing 43,820 shares, for which the Company had recognized compensation cost of ₩ 234 million. The related capital adjustment of ₩ 234 million was transferred to capital surplus.

(note c) During the six months ended June 30, 2007, the exercisable period expired for stock options representing 65,730 shares, for which the Company had recognized compensation cost of ₩ 3,246 million. The related capital adjustment of ₩ 3,246 million was transferred to capital surplus.

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), the pro forma total compensation cost would be ₩ 15,967 million ( ₩ 3,738 million, ₩ 3,617 million and ₩ 8,613 million for options granted in 2000, 2001 and 2002, respectively) and the recognized compensation cost for the three months and six months ended June 30, 2007 would be nil, and the pro forma net income and net income per common share for the three months and six months ended June 30, 2007, 2006 and 2005 are as follows:

	For the three months ended June 30, (In millions of Korean won, except for net income per share)		
	2007	2006	2005
Pro forma income before income taxes	₩559,325	₩526,384	₩650,695
Pro forma net income	403,274	373,338	467,110
Pro forma net income per share	5,550	5,068	6,345

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For the six months ended June 30,  
(In millions of Korean won,  
except for net income per share)

	2007	2006	2005
Pro forma income before income taxes	₩1,123,116	₩1,004,702	₩1,197,602
Pro forma net income	799,584	710,498	835,230
Pro forma net income per share	11,003	9,648	11,346

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**Table of Contents****17. INCOME TAX**

## a. Details of income tax expense

Income tax expenses for the six months ended June 30, 2007 and 2006 consist of the following (In millions of Korean won):

	2007	2006
Current	₩ 346,890	₩ 329,879
Deferred (Note a)	(23,358)	(35,675)
Income tax expenses	323,532	294,204
Less: three months ended June 30,	(167,481)	(141,158)
Three months ended June 30,	₩ 156,051	₩ 153,046

(Note a) Changes in net deferred tax liabilities for the six months ended June 30, 2007 and 2006 are as follows (In millions of Korean won):

	2007	2006
Ending balance of net deferred tax liabilities	₩ 669,410	₩ 339,252
Beginning balance of net deferred tax liabilities	(490,341)	(348,563)
Adjustment to the beginning net deferred income tax liabilities based on tax return filed	3,444	4,424
Tax effect of temporary differences charged or credited directly to related components of stockholders' equity	(205,871)	(30,788)
	(₩ 23,358)	(₩ 35,675)

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## b. Reconciling items between accounting income and taxable income

Reconciling items between accounting income and taxable income for the six months ended June 30, 2007 and 2006 are as follows (In millions of Korean won):

	2007	2006
<b>(Temporary Differences)</b>		
<b>Additions:</b>		
Allowance for doubtful accounts	₩ 36,036	₩ 130,375
Accrued interest income prior period	4,576	3,931
Reserves for research and manpower development	105,000	94,000
Reserves for loss on disposal of treasury stock		118,570
Equity in losses of affiliates	93,790	23,026
Unrealized losses on valuation of long-term investment securities	293	
Accrued expenses		15,300
Depreciation	25,229	28,669
Impairment lose on investment securities	2,350	
Loss on impairment of other assets	3,508	1,980
Loss on valuation of currency swap	840	9,125
Loss on valuation of currency swap (capital adjustments)		17,004
Accrued severance indemnities	11,838	19,622
Deposits for severance indemnities	714	148,610
Consideration of conversion right	8,497	11,876
Other	17,461	41,454
Sub-total	310,132	663,542
<b>Deductions:</b>		
Reserves for research and manpower development		(90,000)
Allowance for doubtful accounts prior period	(43,975)	(124,184)
Depreciation prior period	(8,826)	(9,802)
Accrued interest income	(6,480)	(5,661)
Accrued expenses	(27,400)	
Equity in earnings of affiliates		(19,287)
Equity in capital adjustments of affiliates	(188,605)	
Unrealized gains on valuation of long-term investment securities	(556,215)	(130,269)
Accrued severance indemnities	(714)	(155,046)
Deposits for severance indemnities	(3,837)	(3,458)
Loss on impairment of other assets prior period	(971)	(5,109)
Loss on disposal of property & equipment		(38,656)
Other	(19,616)	(12,717)
Sub-total	(856,639)	(594,189)
Total Temporary Differences	(546,507)	69,353
<b>(Permanent Differences)</b>	828,350	220,901

Total

₩ 281,843

₩ 290,254

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## c. Change in cumulative temporary differences and deferred tax liabilities

Changes in cumulative temporary differences for the six months ended June 30, 2007 and 2006 and deferred tax assets and liabilities as of June 30, 2007 and 2006 are as follows (In millions of Korean won):

For the six months ended June 30, 2007

Description	January 1, 2007	Increase (note a)	Decrease (note a)	June 30, 2007
Current:				
Allowance for doubtful accounts	₩ 50,824	₩ 29,186	₩ 43,975	₩ 36,035
Accrued interest income	(4,574)	(4,510)	(4,576)	(4,508)
Accrued expenses	56,001	1,950	29,350	28,601
Other	172,169	(556)	5,686	165,927
Total	274,420	26,070	74,435	226,055
Temporary differences unlikely to be realized	(128,555)			(128,555)
Total current cumulative temporary differences-net	₩ 145,865	₩ 26,070	₩ 74,435	₩ 97,500
Current deferred tax assets-net (note b)	₩ 40,113			₩ 26,813
Non-current:				
Property and equipment	(₩ 188,535)	(₩ 1,413)	(₩ 18,315)	(₩ 171,633)
Loss on impairment of long-term investment securities	108,145	28,182		136,327
Loss on impairment of other long-term assets	971	3,508	971	3,508
Reserves for research and manpower development	(760,000)		(105,000)	(655,000)
Reserves for loss on disposal of treasury stock	(255,984)			(255,984)
Equity in losses (earnings) of affiliates	114,214	88,483		202,697
Equity in capital adjustment of affiliates	(123,206)	(189,051)		(312,257)
Unrealized loss on valuation of long-term investment securities (other comprehensive income)	(563,477)	(543,972)	11,949	(1,119,398)
Accrued severance indemnities	20,058	11,838	714	31,182
Deposits for severance indemnities	(20,058)	(3,837)	(714)	(23,181)
Loss on valuation of currency swap	22,502	840		23,342
Loss on valuation of currency swap (other comprehensive income)	24,249		1,067	23,182
	454		2,009	(1,555)

Loss on valuation of interest rate swap (other comprehensive income)				
Considerations for conversion right	(62,131)		(5,148)	(56,983)
Other	24,564	9,516	2,181	31,899
 Total	 (1,658,234)	 (595,906)	 (110,286)	 (2,143,854)
Temporary differences unlikely to be realized	(270,688)	(2,472)	114,706	(387,866)
 Total non-current cumulative temporary differences-net	 (₩ 1,928,922)	 (₩ 598,378)	 ₩ 4,420	 (₩ 2,531,720)
 Total non-current deferred tax liabilities-net (note b)	 (₩ 530,454)			 (₩ 696,223)

(note a) These changes include adjustment to reflect the change in accumulated temporary differences based on the prior year tax return.

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(Note b) The tax rate used in measuring deferred tax assets and liabilities is 27.5%.

For the six months ended June 30, 2006

Description	January 1, 2006	Increase (Note a)	Decrease (Note a)	June 30, 2006
<b>Current:</b>				
Allowance for doubtful accounts	₩ 122,561	₩ 110,419	₩ 124,184	₩ 108,796
Accrued interest income	(3,931)	(3,461)	(3,931)	(3,461)
Accrued expenses	61,967	15,514	19,286	58,195
Other	189,548	10,710	3,728	196,530
<b>Total</b>	<b>370,145</b>	<b>133,182</b>	<b>143,267</b>	<b>360,060</b>
Temporary differences unlikely to be realized	(147,774)		(19,219)	(128,555)
<b>Total current cumulative temporary differences-net</b>	<b>₩ 222,371</b>	<b>₩ 133,182</b>	<b>₩ 124,048</b>	<b>₩ 231,505</b>
<b>Current deferred tax assets-net (Note b)</b>	<b>₩ 61,152</b>			<b>₩ 63,664</b>
<b>Non-current:</b>				
Property and equipment	(₩ 196,446)	₩ 14,089	₩ 20,067	(₩ 202,424)
Loss on impairment of long-term investment securities	108,145			108,145
Loss on impairment of other long-term assets	7,461		5,480	1,981
Reserves for research and manpower development	(768,000)	(90,000)	(94,000)	(764,000)
Reserves for loss on disposal of treasury stock	(474,081)		(118,570)	(355,511)
Equity in (earnings) losses of affiliates	5,379	13,594	5,380	13,593
Equity in capital adjustment of affiliates	(109,468)		(12,269)	(97,199)
Unrealized loss on valuation of long-term investment securities	58,116		132,905	(74,789)
Accrued severance indemnities	148,465	19,768	155,046	13,187
Deposits for severance indemnities	(148,465)	(3,604)	(148,610)	(3,459)
Loss on valuation of currency swap	13,244	9,125		22,369
Loss on valuation of currency swap (capital adjustment)	19,554	17,004		36,558
Loss on valuation of interest rate swap (capital adjustment)		802		802
Considerations for conversion right	(67,279)		(3,762)	(63,517)
Other	(21,051)	25,940	(11,253)	16,142



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Total	(1,424,426)	6,718	(69,586)	(1,348,122)
Temporary differences unlikely to be realized	(65,447)	(52,201)	(620)	(117,028)
Total non-current cumulative temporary differences-net	(₩ 1,489,873)	(₩ 45,483)	(₩ 70,206)	(₩ 1,465,150)
Total non-current deferred tax liabilities-net (Note b)	(₩ 409,715)			(₩ 402,916)

(Note a) These changes include adjustment to reflect the change in accumulated temporary differences based on the tax return for the year before the prior year.

(Note b) The tax rate used in measuring deferred tax assets and liabilities is 27.5%.

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Deferred tax assets and liabilities before offsetting each other are as follows (In millions of Korean won):

	June 30, 2007	December 31, 2006
Deferred tax assets	₩ 83,183	₩ 93,697
Deferred tax liabilities	(752,593)	(584,038)
Deferred tax assets (liabilities), net	(₩ 669,410)	(₩ 490,341)
Current, net	₩ 26,813	₩ 40,113
Non-current, net	(₩ 696,223)	(₩ 530,454)

d. Deferred tax assets (liabilities) added to (deducted from) capital surplus or capital adjustments

Deferred tax assets (liabilities) added to (deducted from) capital surplus or capital adjustments as of June 30, 2007 and December 31, 2006 are as follows (In millions of Korean won):

	June 30, 2007	December 31, 2006
Gains on disposal of treasury stock	(₩ 38,004)	(₩ 38,341)
Considerations for conversion right	(17,086)	(17,086)
Unrealized loss on valuation of long-term investment securities	(307,834)	(154,956)
Equity in capital adjustment of affiliates, net	(93,925)	(41,441)
Loss on valuation of currency swap	6,375	6,668
Loss on valuation of interest rate swap	(428)	125
Total	(₩ 450,902)	(₩ 245,031)

e. Effective tax rate

Effective tax rates for the three months and six months ended June 30, 2007 and 2006 are as follows (In millions of Korean won):

	For the three months ended		For the six months ended	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
Income before income tax	₩ 559,325	₩ 526,384	₩ 1,123,116	₩ 1,004,702
Income tax expenses	156,051	153,046	323,532	294,204
Effective tax rate	27.90%	29.07%	28.81%	29.28%

**Table of Contents****18. COMPREHENSIVE INCOME**

Details of comprehensive income for the three months and six months ended June 30, 2007 and 2006 are as follows  
(In millions of Korean won):

For the six months ended June 30, 2007

	For the three months ended		For the six months ended	
	Profit and loss effect	Tax effect	Profit and loss effect	Tax effect
Net income	₩ 403,274		₩ 799,584	
Other comprehensive income:				
Unrealized gain on valuation of long-term investment securities, net	234,743	(₩ 89,041)	403,043	(₩ 152,878)
Equity in capital adjustments of affiliates, net	91,840	(35,899)	136,121	(52,484)
Loss on valuation of currency swap, net	4,457	(608)	3,204	(293)
Loss on valuation of interest swap, net	2,154	(817)	1,457	(553)
Sub total	333,194	(₩ 126,365)	543,825	(₩ 206,208)
Comprehensive income	₩ 736,468		₩ 1,343,409	

For the six months ended June 30, 2006

	For the three months ended		For the six months ended	
	Profit and loss effect	Tax effect	Profit and loss effect	Tax effect
Net income	₩ 373,338		₩ 710,498	
Other comprehensive income:				
Unrealized gain on valuation of long-term investment securities, net	8,534	(₩ 3,237)	96,356	(₩ 36,549)
Equity in capital adjustments of affiliates, net	(44,037)	15,448	(13,013)	(521)
Loss on valuation of currency swap, net	(7,636)	2,896	(12,328)	4,676
Loss on valuation of interest swap, net	(582)	221	(582)	221
Sub total	(43,721)	₩ 15,328	70,433	(₩ 32,173)
Comprehensive income	₩ 329,617		₩ 780,931	

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**Table of Contents****19. NET INCOME PER SHARE**

The Company's net income and ordinary income per share amounts for the three months and six months ended June 30, 2007 and 2006 are computed as follows (In millions of Korean won, except for per share income per share):

Net income and ordinary income per share

	For the three months ended		For the six months ended	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
Net income and ordinary income	₩ 403,274	₩ 373,338	₩ 799,584	₩ 710,498
Weighted average number of common shares outstanding	72,667,459	73,668,589	72,667,459	73,641,592
Net income and ordinary income per share	₩ 5,550	₩ 5,068	₩ 11,003	₩ 9,648

Net income and ordinary income per share for the year ended December 31, 2006 were ₩19,734 and net income and ordinary income per share for the three months ended March 31, 2007 and 2006 are ₩5,454 and ₩4,580, respectively.

The weighted average number of common shares outstanding for the three months and six months ended June 30, 2007 and 2006 is calculated as follows:

	Number of shares	Weighted number of days	Weighted number of shares
For the three months ended June 30, 2007			
At April 1, 2007	81,193,711	91 /	81,193,711
Treasury stock, at the beginning	(8,526,252)	91 /	(8,526,252)
Total	72,667,459		72,667,459
For the six months ended June 30, 2007			
At January 1, 2007	81,193,711	181 /	81,193,711
Treasury stock, at the beginning	(8,526,252)	181 /	(8,526,252)
Total	72,667,459		72,667,459
	Number of shares	Weighted number of days	Weighted number of shares

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For the three months ended June 30, 2006

At April 1, 2006	82,276,711	91 / 91	82,276,711
Treasury stock, at the beginning	(8,662,415)	91 / 91	(8,662,415)
Conversion of convertible bonds into treasury stock (Note a)	99,361	50 / 91 (note a)	54,293
Total	73,713,657		73,668,589

For the six months ended June 30, 2006

At January 1, 2006	82,276,711	181 / 181	82,276,711
Treasury stock, at the beginning	(8,662,415)	181 / 181	(8,662,415)
Conversion of convertible bonds into Treasury stock (Note a)	99,361	50 / 181 (note a)	27,296
Total	73,713,657		73,641,592

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(Note a) Treasury stocks were used to settle the conversion of the convertible bonds on several different dates in the first half of 2006 and weighted number of shares was calculated considering each transaction date.

Diluted net income and ordinary income per share amounts for the three months and six months ended June 30, 2007 and 2006 are computed as follows (In millions of won, except for share data):

**Diluted net income and ordinary income per share**

	For the three months ended		For the six months ended	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
Adjusted net income and ordinary income	₩ 406,583	₩ 376,630	₩ 806,099	₩ 717,078
Adjusted weighted average number of common shares outstanding	74,356,301	75,391,469	74,356,301	75,391,469
Diluted net income and ordinary income per share	₩ 5,468	₩ 4,996	₩ 10,841	₩ 9,511

Diluted net income and ordinary income per share for the year ended December 31, 2006 were ₩19,458 and diluted net income and ordinary income per share for the three months ended March 31, 2007 and 2006 are ₩5,373 and ₩4,516, respectively.

Adjusted net income and ordinary income per share and the adjusted weighted average number of common shares outstanding for the three months and six months ended June 30, 2007 and 2006 are calculated as follows:

	For the three months ended		For the six months ended	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
Net income and ordinary income	₩ 403,274	₩ 373,338	₩ 799,584	₩ 710,498
Effect of stock options (Note a)				
Effect of convertible bonds (Note b)	3,309	3,292	6,515	6,580
Adjusted net income and ordinary income	₩ 406,583	₩ 376,630	₩ 806,099	₩ 717,078
Weighted average number of common shares outstanding	72,667,459	73,668,589	72,667,459	73,641,592
Effect of stock options (Note a)				
Effect of convertible bonds (Note b)	1,688,842	1,722,880	1,688,842	1,749,877
Adjusted weighted average number of common shares outstanding	₩ 74,356,301	₩ 75,391,469	₩ 74,356,301	₩ 75,391,469

(Note a) For the three months and six months ended June 30, 2007 and 2006, the outstanding stock options did not have a dilutive effect because the exercise price exceeded the average market price of common stock for the three months and six months ended June 30, 2007 and 2006 and for the year ended December 31, 2006, respectively.

(Note b) The effect of convertible bonds increased net income related to interest expenses that would not have incurred, and increase in the weighted average number of common shares outstanding related to common shares that would have been issued, assuming that the conversion of convertible bonds was made on the beginning of the period.

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**Table of Contents****20. RESTRICTED CASH AND CASH EQUIVALENTS**

- a. At June 30, 2007, the Company has guarantee deposits restricted for its checking accounts totaling ₩19 million and deposits restricted for a charitable trust for the public totaling ₩10,000 million of which due date is February 8, 2009.
- b. The Company entered into a contract with First Data Corporation to sell the investment in common stock of KMPS Corporation, which was held by the Company and accounted for as available-for-sale securities. At June 30, 2007, certain portion of proceeds from sales of such investment totaling ₩1,137 million is kept in escrow accounts in accordance with the Escrow Agreement, which is restricted for use until November 16, 2007, the final settlement date, and recorded as short-term deposits.

**21. INSURANCE**

As of June 30, 2007, certain Company's assets are insured with local insurance companies as follows (In millions of Korean won and thousands of U.S. dollars):

Insured	Risk	Carrying value	Coverage
Property and equipment	Fire and comprehensive liability	₩ 3,600,044	US\$ 59,115 ₩ 7,667,737

In addition, the Company carries directors and officers liability coverage insurance totaling ₩50,000 million.

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**Table of Contents****22. RELATED PARTY TRANSACTIONS**

As of June 30, 2007 and December 31, 2006, a list of parent company and subsidiaries of the Company are as follows:

**a. Holding company and subsidiaries**

Type	Company	Ownership percentage (%)	Types of business
Parent company		21.8 (note a)	Manufacturing and selling petrochemicals
Subsidiary	SK Corporation		
	SK Telink Co., Ltd.	90.8	Telecommunication service
	SK Communications Co., Ltd.	85.9	Internet website services
	SK Wyverns Baseball Club Co., Ltd.	100.0	Business related sports
	Global Credit & Information Co., Ltd.	50.0	Credit and collection services
	PAXNet Co., Ltd.	59.7	Internet website services
	Seoul Records, Inc.	60.0	Release of music disc
	Aircross Co., Ltd.	100.0	Wireless marketing related business
	TU Media Corp.	32.7	Digital multi media broadcasting service
	SLD Telecom PTE Ltd.	73.3	Telecommunication service
	SK Telecom China Co., Ltd.	100.0	Telecommunication service
		70.1	Network and mobile value added service
	ULand Company Ltd.		
	IHQ, Inc.	34.1	Entertainment management
	YTN Media Inc.	51.4 (note c)	Broadcasting program production
	SK Telecom USA Holdings, Inc.	100.0	Telecommunication service
	SK Telecom International Inc.	100.0	Telecommunication service
	Centurion IT Investment Association	37.5	Investment association
	The First Music Investment Fund of SK-PVC	69.3	Investment association
	The Second Music Investment Fund of SK-PVC	79.3	Investment association
	SK-KTB Music Investment Fund	74.3	Investment association
	IMM Cinema Fund	45.6	Investment association
	Cyworld, Inc.	100.0(note b)	Internet website services
	Cyworld Japan Co., Ltd.	100.0(note b)	Internet website services
	SK Cyberpass Inc.	70.5 (note c)	Telecommunication service
	Ntreev Soft Co., Ltd.	51.0 (note c)	Game program production
	IHQ USA, Inc.	100.0 (note c)	Surveying marketing information
		100.0	Wireless telecommunication related business
	SK Telecom Europe Ltd.		
	SK Telecom Advanced Tech & Service Center	100.0	Research & development
	Cyworld Europe GmbH	50.2 (note c)	Internet website services
	Cyworld China Ltd.	100.0 (note c)	Internet website services
	SK I-Media Co., Ltd.	60.0 (note c)	Game software production

(note a) The ownership percentage represents parent company's ownership over the Company.

(note b) The ownership percentage represents the total sum of the Company's and subsidiaries' ownership over their subsidiaries.

(note c)

The ownership percentage represents subsidiaries' ownership over their subsidiaries, in which the Company has no direct investment.

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**Table of Contents****b. Transactions and balances with related companies**

Significant related party transactions for the three months and six months ended June 30, 2007 and 2006, and account balances as of June 30, 2007 and December 31, 2006 are as follows (In millions of Korean won):

**b-(1) Transactions**

	For three months ended June 30, 2007			For six months ended June 30, 2007		
	Purchases of property and equipment	Commissions paid and other expenses	Commissions earned and other income	Purchases of property and equipment	Commissions paid and Other expenses	Commissions earned and other income
Parent Company:						
SK Corporation	₩	₩ 7,142	₩ 5,279	₩ -	₩ 15,196	₩ 10,620
Subsidiaries:						
SK Communications Co., Ltd.		10,471	2,392	156	18,356	3,330
TU Media Corp.	11	282	10,532	11	664	25,577
Global Credit & Information Co., Ltd.		17,218	553		27,560	866
PAXNet Co., Ltd.		3,614	329		6,195	645
SK Telink Co., Ltd.		2,686	6,396		6,486	9,921
SK Wyverns Baseball Club Co., Ltd.		5,277	7		10,677	17
Aircross Co., Ltd.		4,167	337	224	8,320	523
SK Telecom China Co., Ltd.		2,447			8,179	684
SK Telecom International Inc.		1,331			3,106	
Others	1,000	2,852	624	1,000	3,770	826
Equity Method Investees:						
Helio, LLC			278			1,478
SK C&C Co., Ltd.	14,845	54,137	2,117	26,256	98,778	4,425
Others	370	475	416	479	864	416
Others :						
SK Engineering & Construction Co., Ltd.	87,828	2,216	1,049	135,424	2,633	1,813
SK Networks Co., Ltd.	12,814	180,441	3,582	13,459	325,100	5,222
Innoace Co., Ltd.	3,725	1,756	63	4,181	3,265	109
SK Telesys Co., Ltd.	83,365	3,053	149	137,293	3,494	1,825
Others	195	5,842	1,462	1,586	7,929	2,202
Total	₩ 204,153	₩ 305,407	₩ 35,565	₩ 320,069	₩ 550,572	₩ 70,499



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	For three months ended June 30, 2006			For six months ended June 30, 2006		
	Purchases of property and equipment	Commission paid and other expenses	Commission and other income	Purchases of property and equipment	Commission paid and Other expenses	Commission and other income
Parent Company: SK Corporation	₩ 565	₩ 7,747	₩ 3,747	₩ 853	₩ 15,958	₩ 5,095
Subsidiaries:						
SK Communications Co., Ltd.	11	12,562	1,030	11	20,099	1,408
TU Media Corp.		447	12,026	573	641	21,895
Global Credit & Information Co., Ltd.		5,406	343		16,370	635
PAXNet Co., Ltd.		2,287	633		4,813	854
SK Telink Co., Ltd.		5,427	4,197		8,314	8,456
SK Wyverns Baseball Club Co., Ltd.		3,500			9,600	
Aircross Co., Ltd.	50	3,707	87	50	6,670	203
Others				3	2,572	
Equity Method Investees:						
WiderThan Co., Ltd.:	350	26,090	902	967	47,996	972
Helio, LLC			8,262			12,922
SK C&C Co., Ltd.	35,947	76,550	2,085	45,777	141,878	3,868
Others	1,762			2,895	638	
Others :						
SK Engineering & Construction Co., Ltd.	46,205	929	762	46,205	1,075	1,391
SK Networks Co., Ltd.	201	118,190	3,169	1,885	218,132	5,464
Innoace Co., Ltd.	1,045	2,410	62	1,384	2,866	107
SK Telesys Co., Ltd.	75,133	988	287	83,739	1,167	1,049
Others	29	1,232	765	29	3,252	1,349
Total	₩ 161,298	₩ 267,472	₩ 38,357	₩ 184,371	₩ 502,041	₩ 65,668

**Table of Contents****b-(2) Account balances**

	As of June 30, 2007					
	Accounts receivable	Short-term loans	Long-term loans	Guarantee deposits	Accounts payable	Guarantee deposits received
Parent Company:						
SK Corporation	₩ 3,906	₩	₩	₩ 304	₩ 4,599	₩ 248
Subsidiaries:						
SK Communications Co., Ltd.	1,195				3,556	5,606
TU Media Corp.	3,424				67	3,016
Global Credit & Information Co., Ltd.	8				4,411	
SK Telink Co., Ltd.	714				75	1,198
PAXNet Co., Ltd.	116				1,274	
SK Wyverns Baseball Club Co., Ltd.		575	4,132	210		
Aircross Co., Ltd.	917				1,232	255
SK Telecom China Co., Ltd.	684				2,458	
SLD Telecom PTE Ltd.	6,633					
Others	71				1,938	
Equity Method Investees:						
SK C&C Co., Ltd.	141				39,877	346
Helio, LLC.	15,264					
Others	208				6	
Others:						
SK Engineering & Construction Co., Ltd.	256				135	1,135
SK Networks Co., Ltd.	695			113	55,216	3,431
Innoace Co., Ltd.					1,747	2,291
SK Telesys Co., Ltd.	1,786				64,017	
Others	717				1,351	899
Total	₩ 36,735	₩ 575	₩ 4,132	₩ 627	₩ 181,959	₩ 18,425

	As of December 31, 2006					
	Accounts receivable	Short-term loans	Long-term loans	Guarantee deposits	Accounts payable	Guarantee deposits received
Parent Company:						
SK Corporation	₩ 3,560	₩	₩	₩ 291	₩ 7,962	₩ 6,174
Subsidiaries:						
SK Communications Co., Ltd.	535				7,255	5,459
SK Wyverns Baseball Club Co., Ltd.	475	1,150	4,132			
Global Credit & Information Co., Ltd.	82				7,645	
PAXNet Co., Ltd.	121				913	

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SK Telink Co., Ltd.	4,352			2,209	955	
SLD Telecom PTE Ltd.	10,948					
SK Telecom International Inc.				1,673		
Others	16			564		
Equity Method Investees:						
SK C&C Co., Ltd.	650			86,332	346	
Helio, LLC.	13,335					
TU Media Corp.	6,369			886	3,016	
Others	4,316			4,053	226	
Others:						
SK Engineering & Construction Co., Ltd.	258			1,635	942	
SK Networks Co., Ltd.	771		113	69,546	3,010	
Innoace Co., Ltd.	1			13,574	2,291	
SK Telesys Co., Ltd.	12			51,531		
Others	847		900	12,078		
Total	₩46,648	₩ 1,150	₩ 4,132	₩ 1,304	₩267,856	₩ 22,419

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**Table of Contents****c. Compensation for the key management**

The Company considers registered directors who have substantial roles and responsibility for planning, operating, and controlling of the business as key management, and the considerations given to the key management for the three months and six months ended June 30, 2007 and 2006 are as follows (In millions of Korean won):

Payee	For the three months ended June 30, 2007			For the six months ended June 30, 2007		
	Payroll	Severance indemnities	Total	Payroll	Severance indemnities	Total
12 Registered directors (including outside directors)	₩ 558	₩ 141	₩ 699	₩ 3,711	₩ 440	₩ 4,151

Payee	For the three months ended June 30, 2006			For the six months ended June 30, 2006		
	Payroll	Severance indemnities	Total	Payroll	Severance indemnities	Total
12 Registered directors (including outside directors)	₩ 542	₩ 136	₩ 678	₩ 3,180	₩ 662	₩ 3,842

In addition, on March 8, 2002, the Company granted stock options to its nine key members of the management, representing 15,110 shares at an exercise price of ₩267,000 per share. The stock options fully vested after three years from the date of grant and are exercisable for two years upon vesting. During the six months ended June 30, 2007, the exercisable period elapsed and those stock options representing 15,110 shares have expired.

**23. PROVISION FOR MILEAGE POINTS**

The Company, for its marketing purposes, grants certain mileage points ( Rainbow Points ) to its subscribers based on their usage of the Company's services. Rainbow Points provision was provided based on the historical usage experience and the Company's marketing policy. Such provision was recorded as accrued expenses or other non-current liabilities in accordance with the expected points usage duration since balance sheet date.

Details of change in the provisions for such mileage points for the six months ended June 30, 2007 and 2006 are as follows (In millions of Korean won):

	June 30, 2007 (Note a)	June 30, 2006 (Note a)
Beginning balance	₩ 52,593	₩ 52,172
Increase	3,888	5,606
Decrease (used points)	(5,424)	(6,093)
Decrease (reversal of provision for mileage points)	(24,009)	
Ending balance	₩ 27,048	₩ 51,685

(Note a) Effective  
January 1, 2005,  
pursuant to  
adoption of  
SKAS No.17



[See Note 2(p)],  
Rainbow Points  
provision is  
recorded at the  
present value.

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Rainbow Points expire after 5 years. The expected year when unused Rainbow Points as of Jun 30, 2007 are expected to be used and the respective estimated monetary amount to be paid in a given year are as follows (In millions of Korean won):

Expected year Of the usage (Note b)	Estimated amount to be paid		Current value (Note b)	
	In nominal value (Note b)			
Within June 2008	₩	13,157	₩	12,446
Within June 2009		7,809		6,988
Within June 2010		4,713		3,990
Within June 2011		2,868		2,297
Within June 2012		1,752		1,327
Ending balance	₩	30,299	₩	27,048

(Note b) The above expected year of the usage and the current value of the estimated amount to be paid are estimated based on the historical usage experience.

**24. DERIVATIVE INSTRUMENTS**

## a. Currency swap contract to which the cash flow hedge accounting is applied

The Company has entered into a fixed-to-fixed cross currency swap contract with Citibank, BNP Paribas and Credit Suisse First Boston International to hedge the foreign currency risk of unguaranteed U.S. dollar denominated bonds with face amounts totaling US\$300,000,000 at annual fixed interest rate of 4.25% issued on April 1, 2004. As of June 30, 2007, in connection with unsettled foreign currency swap contract to which the cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to ₩16,807 million (excluding tax effect totaling ₩6,375 million and foreign exchange translation gain arising from unguaranteed U.S. dollar denominated bonds totaling ₩66,306 million) was accounted for as accumulated other comprehensive income.

In addition, the Company has entered into a floating-to-fixed cross currency swap contract with Calyon bank to hedge the foreign currency risk and the interest rate risk of U.S. dollar denominated long-term borrowings with face amounts totaling US\$100,000,000 borrowed on October 10, 2006. As of June 30, 2007, in connection with unsettled cross currency interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated gain on valuation of derivatives amounting to ₩3,523 million (excluding foreign exchange translation gain arising from U.S. dollar denominated long-term borrowings totaling ₩2,120 million) was accounted for as accumulated other comprehensive income.

## b. Currency swap contract to which the cash flow hedge accounting is not applied

The Company has entered into a fixed-to-fixed cross currency swap contract with Credit Suisse First Boston International to hedge foreign currency risk of unguaranteed U.S. dollar denominated convertible bonds with face amounts of US\$329,450,000 issued on May 27, 2004. In connection with unsettled fixed-to-fixed cross currency swap contract to which the cash flow hedge accounting is not applied, loss on valuation of currency swap of ₩840 million for the six months ended June 30, 2007 and loss on valuation of currency swap of ₩9,125 million for the six months ended June 30, 2006 was charged to current operations.

In addition, the Company has entered into a fixed-to-fixed cross currency swap contract with Hana Bank, Korea Exchange Bank, Woori Bank, Shinhan Bank, Citibank and Barclays Bank to hedge foreign currency risk of unguaranteed U.S. dollar denominated convertible bonds issued by China Unicom which was acquired on July 5, 2006. In connection with unsettled fixed-to-fixed cross currency swap contract to which the cash flow hedge accounting is not applied, loss on valuation of currency swap of ₩928 million for the six months ended June 30, 2007 was charged to current operations.

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## c. Interest rate swap

The Company has entered into a floating-to-fixed interest rate swap contract with Shinhan Bank to hedge the interest rate risk of floating rate discounted bill with face amounts totaling ₩200,000 million borrowed on June 29, 2006. As of June 30, 2007, in connection with unsettled interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated gain on valuation of derivatives amounting to ₩1,128 million (excluding tax effect totaling ₩427 million) was accounted for as other comprehensive income.

As of June 30, 2007, fair values of above derivatives recorded in long-term liabilities and details of derivative instruments as of June 30, 2007 are as follows (In thousands of U.S. dollars and millions of Korean won):

Type	Hedged item	Face Amount	Duration of contract	Fair value		Total
				Designated as cash flow hedge	Not designated	
<b>Current assets:</b>						
Fix-to-fixed cross currency swap	U.S. dollar denominated convertible bond issued by China Unicom	US\$1,000,000	July 5, 2006 ~ July 5, 2007	₩	₩ 15,732	₩ 15,732
				₩	₩ 15,732	₩ 15,732
<b>Non-current assets:</b>						
Floating-to-fixed cross currency interest rate swap	U.S. dollar denominated long-term borrowings	US\$100,000	October 10, 2006 ~October 10, 2013	₩ 1,403	₩	₩ 1,403
Floating-to-fixed interest rate swap	Long-term floating rate discounted bill	₩200,000	June 29, 2006 ~ June 29, 2010	1,555		1,555
				₩ 2,958	₩	₩ 2,958
<b>Non-current liabilities:</b>						
Fix-to-fixed cross currency swap	U.S. dollar denominated bonds	US\$300,000	March 23, 2004 ~ April 1, 2011	₩ 89,488	₩	₩ 89,488
Fix-to-fixed cross	U.S. dollar denominated		May 27, 2004			

currency swap	convertible bond	US\$100,000	~ May 27, 2009	23,343	23,343
				₩ 89,488	₩ 23,343    ₩ 112,831

**25. COMMITMENTS**

In accordance with the resolution of the Company’s board of directors dated January 26, 2005, the Company and EarthLink, Inc., an internet service provider in the United States of America, agreed to establish Helio, LLC, a joint venture company, in the United States of America in February 2005 in order to provide wireless telecommunication service across the United States of America. The Company, via SK Telecom USA Holdings, Inc., its wholly-owned subsidiary in the United States of America, has invested US\$220 million from 2005 through June 30, 2007 (to maintain 50% of equity interest in the Joint venture Company). In addition, the Company has invested US\$30,000,000 in SK Telecom USA Holdings, Inc. on July 25, 2007 in accordance with the resolution of the Company’s board of directors dated June 29, 2007, which has approved additional investment of up to US\$100,000 million in SK Telecom USA Holdings, Inc. Helio, LLC launched cellular voice and data services extensively across the United States of America in May 2006 by renting networks from network operators throughout the United States of America also known as partial mobile virtual network operator (MVNO) system.

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**Table of Contents****26. STATEMENTS OF CASH FLOWS**

The statements of cash flows are prepared using the indirect method and significant non-cash transactions for the three months and six months ended June 30, 2006 are as follows (In millions of Korean won):

	For the three months ended June 30, 2006	For the six months ended June 30, 2006
Conversion of convertible bonds	₩ 21,575	₩ 21,575

There was no significant non-cash transaction for the three months and six months ended June 30, 2007.

**27. SUBSEQUENT EVENTS**

## a. Interim dividend

On July 27, 2007, the board of directors of the Company resolved to pay interim cash dividends of ₩1,000 per share totaling ₩72,667 million. The ex-dividend date was June 30, 2007 and the interim dividends are expected to be paid within twenty days after the date of the board of directors' resolution.

## b. Issued unguaranteed US dollar denominated bonds

In accordance with the resolution of the Company's board of directors dated June 29, 2007, the Company issued unguaranteed US dollar denominated bonds with face amounts totaling US\$400 million on July 20, 2007 for US\$ 395.2 million. The bonds bear an annual rate of 6.625% and will be repaid in full at its maturity of July 20, 2027.

## c. Acquisition of equity interest in Ntreeve Soft Co., Ltd.

In accordance with the resolution of the Company's board of directors dated June 29, 2007, for the purpose of strengthening the Company's game baseness, the Company acquired 1,440,720 shares of Ntreev Soft Co., Ltd.'s common stock from the management and employees of IHQ, Inc. at the price of ₩16,019 per share (total acquisition cost of ₩23,079 million) on July 9, 2007. And, the Company purchased additional 624,250 shares of Ntreev Soft Co., Ltd.'s newly issued common stock at the price of ₩16,019 per share (total acquisition cost of ₩10,000 million) on July 16, 2007. As a result, the Company owned 66.7% shareholder interest in Ntreev Soft Co., Ltd.

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**Forward-Looking Statement Disclaimer**

The material above contains forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results or performance to be materially different from any future results or performance expressed or implied by such forward-looking statements. We do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein, and nothing contained herein is, or shall be relied upon as, a promise or representation, whether as to the past or the future. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events. Additional information concerning these and other risk factors are contained in our latest annual report on Form 20-F and in our other filings with the U.S. Securities and Exchange Commission.

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SIGNATURES

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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.**  
*(Registrant)*

By: /s/ Tae Jin Park

*(Signature)*  
Name: Tae Jin Park  
Title: Vice President

Date: October 31, 2007