

SK TELECOM CO LTD  
Form 6-K  
January 06, 2012

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER**  
**PURSUANT TO RULE 13a-16 OR 15d-16**  
**UNDER THE SECURITIES EXCHANGE ACT OF 1934**  
**FOR THE MONTH OF JANUARY 2012**  
**COMMISSION FILE NUMBER 333-04906**

**SK Telecom Co., Ltd.**

(Translation of registrant's name into English)

11, Euljiro2-ga, Jung-gu

Seoul 100-999, Korea

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(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-

QUARTERLY BUSINESS REPORT

(From January 1, 2011 to September 30, 2011)

THIS IS A SUMMARY OF THE QUARTERLY BUSINESS REPORT ORIGINALLY PREPARED IN KOREAN AND IS IN SUCH FORM AS REQUIRED BY THE KOREAN FINANCIAL SERVICES 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 CONSOLIDATED BASIS IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS ADOPTED FOR USE IN KOREA, OR K-IFRS, 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.

**I. COMPANY OVERVIEW****1. Company Overview**

Starting in the first quarter of 2011, SK Telecom Co., Ltd. (the Company) prepares and reports its financial statements under the International Financial Reporting Standards as adopted for use in Korea (K-IFRS). The transition date of the Company and its consolidated companies to K-IFRS is January 1, 2010 and the adoption date is January 1, 2011. The Company's quarterly business report for the nine months ended September 30, 2011 includes the following consolidated subsidiaries:

<b>Name</b>	<b>Date of Establishment</b>	<b>Principal Business</b>	<b>Total Asset as of Dec. 31, 2010 (millions of Won)</b>	<b>Material Subsidiary</b>
SK Telink Co., Ltd.	Apr. 9, 1998	Telecommunication and satellite broadcasting services	386,573	Material
SK Communications Co., Ltd.	Sep. 19, 1996	Internet portal and other Internet information services	311,322	Material
PAXNet Co., Ltd.	May 18, 1999	Database and online information services	35,863	
Loen Entertainment, Inc.	Jul. 7, 1982	Music and audio publication	131,789	Material
Stonebridge Cinema Fund	Sep. 30, 2005	Investment partnership	16,380	
Ntreev Soft Co., Ltd.	Dec. 1, 2003	Development and supply of online and mobile games and software	34,485	
SK i-media Co., Ltd.	Aug. 7, 2006	Development and supply of online and mobile games and software	5,169	
Commerce Planet Co., Ltd.	Jul. 1, 1997	Information technology and computer services	42,142	
SK Broadband Co., Ltd.	Sep. 26, 1997	Multimedia and IP TV services	3,083,938	Material
Broadband D&M Co., Ltd.	Feb. 5, 1998	Management of telecommunication facilities	10,844	Material
Broadband Media Co., Ltd.	Aug. 25, 2005	Telemarketing services	126,278	Material
Broadband CS Co., Ltd.	Oct. 1, 1998	Call center operation	7,526	
K-net Culture and Contents Venture Fund	Nov. 24, 2008	Investment partnership	48,170	
2nd Benex Focus Investment Fund	Dec. 12, 2008	Investment partnership	23,171	
Open Innovation Fund	Dec. 22, 2008	Investment partnership	44,713	
PS&Marketing Corporation	Apr. 3, 2009	Resale of telecommunication services	246,574	Material
Service Ace Co., Ltd.	Jul. 1, 2010	Call center operation and telemarketing services	36,742	
Service Top Co., Ltd.	Jul 1, 2010	Call center operation and telemarketing services	29,706	
Network O&S Co., Ltd.	Jul. 1, 2010	Wireless telecommunication services	32,955	
SK Telecom China Holdings Co., Ltd.	Jul. 12, 2007	Investment	37,562	

Name	Date of Establishment	Principal Business	Total Asset as of Dec. 31, 2010 (millions of Won)	Material Subsidiary
Sky Property Mgmt., Ltd.	Jun. 20, 2007	Real estate rental	567,480	Material
Shenzhen E-eye High Tech Co., Ltd.	Apr. 1, 2000	Telematics services	13,759	
SKT Vietnam PTE., Ltd.	Apr. 5, 2000	Wireless telecommunication services	49,115	Material
SKT Americas, Inc.	Dec. 29, 1995	Management consulting and investment	51,909	
YTK Investment Ltd.	Jul. 1, 2010	Investment	39,645	
SK Telecom Global Investment B.V	Jul. 3, 2008	Investment	42,290	
Atlas Investment	Jun. 24, 2011	Investment	0	
Service-in Co., Ltd.	Apr. 4, 2011	Internet service operation	0	
B&CP Co., Ltd.	Dec. 7, 2009	Software development	0	
Technology Innovation Partners, LP	Jun. 24, 2011	Investment	0	
SK China Real Estate Co., Limited	Mar. 19, 2009	Real estate investment	295	
SK Telecom China Fund I L.P.	Sep. 14, 2011	Investment	0	

A. Corporate Legal Business Name: SK Telecom Co., Ltd.

B. Date of Incorporation: March 29, 1984

C. Location of Headquarters

(1) Address: 11 Euljiro 2-ga, Jung-gu, Seoul, Korea

(2) Phone: +82-2-6100-2114

(3) Website: <http://www.sktelecom.com>

D. Major Businesses

(1) Wireless Business

The Company provides wireless telecommunications services, characterized by its competitive strengths in handheld device, affordable pricing, network coverage and an extensive contents library. With the commencement of services employing LTE technology, the Company expects to be able to provide its wireless subscribers with access to high-quality video contents and services, interactive multimedia games and other new services. The Company is also actively fostering the growth of 11<sup>th</sup> Street, T Store and commerce markets that it believes have a strong growth potential in open platform environments. The Company is also exploring new business opportunities with strong growth potential, such as message services, SNS services, N Screen-based Personal Media and other services. In the business-to-business services, the Company is planning to strengthen strategic alliances to develop and commercialize industry-specific custom solutions in healthcare, education and other industries.

(2) Fixed-line Business

Our broadband and fixed-line services are largely carried out by SK Broadband, which is a material consolidated subsidiary of SK Telecom. SK Broadband is engaged in providing telecommunications, broadcasting and new media services and various other services that are permitted to be carried out by SK Broadband under relevant regulations, as well as business activities that are directly or indirectly related to providing those services. With the adoption of K-IFRS in 2011, our broadband and fixed-line services segment also includes the following services provided by certain other subsidiaries of SK Telecom subject to consolidation under K-IFRS: multimedia services and IP TV services (Broadband Media Co., Ltd.); telemarketing services (Broadband CS Co., Ltd.); and telecommunications-related construction and lease services (Broadband D&M Co., Ltd.).

(3) Other Businesses

SK Communications, a material consolidated subsidiary of SK Telecom, provides integrated portal services through NATE, social networking services through Cyworld and instant messaging services through NATE-ON. Key sources of revenue for SK Communications is display advertising, search engine-based advertising, and contents and other services. Display advertising consists of image, video and Flash-based multimedia advertising carried on NATE, Cyworld and NATE-ON and aims to give greater exposure to the advertiser's brand name to the public. The increased effectiveness of on-line media as an advertising outlet has resulted in greatly expanded advertiser base, and the increasing variety in the format of advertising have all contributed to the growth of display advertising. Search engine-based advertising refers to the type of advertising that embeds advertisements within search results produced by searches of certain keywords on the NATE portal site. Search engine-based advertising has a certain appeal to small and medium-sized advertisers. Contents and other services include sales of on-line items to be used on Cyworld, contents sales and providing certain types of services. Revenues from contents and other services are generated through sales of on-line digital items through fixed-line Cyworld services and revenues generated by usage of mobile Cyworld services, which are shared with mobile phone service operators, as well as revenues from NATE-ON instant messaging, custom decorations for mobile phones, cartoon strips, fortunetelling, games and other contents services. In addition, SK Communications receives revenue from its services agreement with SK Telecom in connection with operation of WAP wireless NATE services. SK I-Media, Co., Ltd., a subsidiary of SK Communications, is engaged in software development and distribution, Internet contents services, and providing Internet systems solutions.

See II. Business Overview for more information.

E. Credit Ratings

(1) Corporate Bonds

Credit rating date	Subject of rating	Credit rating	Credit rating entity (Credit rating range)	Rating classification
February 20, 2008	Corporate bond	AAA	Korea Ratings	Current rating
February 21, 2008	Corporate bond	AAA	Korea Investors Service, Inc.	Current rating
February 21, 2008	Corporate bond	AAA	Korea Information Services, Inc.	Current rating
June 3, 2008	Corporate bond	AAA	Korea Ratings	Regular rating
June 17, 2008	Corporate bond	AAA	Korea Investors Service, Inc.	Regular rating
June 30, 2008	Corporate bond	AAA	Korea Information Services, Inc.	Regular rating
October 20, 2008	Corporate bond	AAA	Korea Ratings	Current rating
October 20, 2008	Corporate bond	AAA	Korea Investors Service, Inc.	Current rating
October 20, 2008	Corporate bond	AAA	Korea Information Services, Inc.	Current rating
January 13, 2009	Corporate bond	AAA	Korea Ratings	Current rating
January 13, 2009	Corporate bond	AAA	Korea Investors Service, Inc.	Current rating
January 13, 2009	Corporate bond	AAA	Korea Information Services, Inc.	Current rating

<b>Credit rating entity</b>				
<b>Credit rating date</b>	<b>Subject of rating</b>	<b>Credit rating</b>	<b>(Credit rating range)</b>	<b>Rating classification</b>
February 23, 2009	Corporate bond	AAA	Korea Ratings	Current rating
February 23, 2009	Corporate bond	AAA	Korea Investors Service, Inc.	Current rating
February 23, 2009	Corporate bond	AAA	Korea Information Services, Inc.	Current rating
June 24, 2009	Corporate bond	AAA	Korea Information Services, Inc.	Regular rating
June 26, 2009	Corporate bond	AAA	Korea Ratings	Regular rating
June 30, 2009	Corporate bond	AAA	Korea Investors Service, Inc.	Regular rating
June 22, 2010	Corporate bond	AAA	Korea Ratings	Regular rating
June 29, 2010	Corporate bond	AAA	Korea Investors Service, Inc.	Regular rating
June 29, 2010	Corporate bond	AAA	NICE Investors Service Co, Ltd.	Regular rating
May 27, 2011	Corporate bond	AAA	Korea Ratings	Regular rating
June 13, 2011	Corporate bond	AAA	NICE Investors Service Co, Ltd.	Regular rating
June 23, 2011	Corporate bond	AAA	Korea Investors Service, Inc.	Regular rating

\* 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.

(2) Commercial Paper ( CP )

<b>Credit rating entity</b>				
<b>Credit rating date</b>	<b>Subject of rating</b>	<b>Credit rating</b>	<b>(Credit rating range)</b>	<b>Rating classification</b>
June 3, 2008	CP	A1	Korea Ratings	Current rating
June 16, 2008	CP	A1	Korea Information Services, Inc.	Current rating
June 17, 2008	CP	A1	Korea Investors Service, Inc.	Current rating
October 20, 2008	CP	A1	Korea Ratings	Regular rating
October 20, 2008	CP	A1	Korea Investors Service, Inc.	Regular rating
October 20, 2008	CP	A1	Korea Information Services, Inc.	Regular rating
June 24, 2009	CP	A1	Korea Information Services, Inc.	Current rating
June 26, 2009	CP	A1	Korea Ratings	Current rating
June 30, 2009	CP	A1	Korea Investors Service, Inc.	Current rating
December 15, 2009	CP	A1	Korea Ratings	Regular rating
December 30, 2009	CP	A1	Korea Investors Service, Inc.	Regular rating
December 30, 2009	CP	A1	Korea Information Services, Inc.	Regular rating
June 22, 2010	CP	A1	Korea Ratings	Current rating
June 29, 2010	CP	A1	Korea Investors Service, Inc.	Current rating
June 29, 2010	CP	A1	NICE Investors Service Co, Ltd.	Current rating

Credit rating entity				
Credit rating date	Subject of rating	Credit rating	(Credit rating range)	Rating classification
December 16, 2010	CP	A1	Korea Ratings	Regular rating
December 27, 2010	CP	A1	Korea Investors Service, Inc.	Regular rating
December 29, 2010	CP	A1	NICE Investors Service Co, Ltd.	Regular rating
May 27, 2011	CP	A1	Korea Ratings	Current rating
June 13, 2011	CP	A1	NICE Investors Service Co, Ltd.	Current rating
June 23, 2011	CP	A1	Korea Investors Service, Inc.	Current rating

\* 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

Credit rating company				
Date of credit rating	Subject of rating	Credit rating of securities	(Credit rating range)	Rating type
April 7, 2009	Offshore Convertible Bonds	A	Fitch (England)	Current rating
April 7, 2009	Offshore Convertible Bonds	A2	Moody's (U.S.A.)	Current rating
April 7, 2009	Offshore Convertible Bonds	A	S&P (U.S.A.)	Current rating

## 2. Company History

**March 2008: Purchased shares of SK Broadband Co., Ltd. (formerly Hanaro Telecom)**

**May 2009: Participated in the public share offering of SK Broadband Co., Ltd.**

**September 2009: Acquired leased line and related other business of SK Networks Co., Ltd.**

**February 2010: Purchased shares of Hana Card Co., Ltd.**

**October 2011: SK Planet Co., Ltd. was spun off from the Company.**

### A. 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. Significant Changes in Management

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At the 27th General Shareholders Meeting held on March 11, 2011, (1) Sung Min Ha and Jin Woo So were elected as inside directors, (2) Rak Yong Uhm, Jay Young Chung and Jae Ho Cho were re-elected as independent directors, and (3) Jay Young Chung and Jae Ho Cho were re-elected as members of the audit committee. Man Won Jung and Ki Haeng Cho resigned from the Board on March 11, 2011. At the Extraordinary General Meeting of Shareholders held on August 31, 2011, Jun Ho Kim was elected as an inside director and Jin Woo So resigned from the Board to transfer to an affiliate of the Company.

C. Change in Company Name

On September 22, 2008, SK Broadband, one of our material consolidated subsidiaries, changed its name to SK Broadband Co., Ltd. from Hanaro Telecom Co., Ltd. to facilitate the sharing of SK Group's corporate culture and brand. Similarly, on September 22, 2008, Broadband Media Co., Ltd., another of our material consolidated subsidiaries, changed its name to Broadband Media Co., Ltd. from Hanaro Media Co., Ltd.

D. Mergers, Acquisitions and Restructuring

[SK Telink Co., Ltd.]

(1) Merger

On July 22, 2010, the board of directors approved the merger of TU Media Corp. into SK Telink Co., Ltd. effective as of November 1, 2010. In connection with this merger, SK Telink issued 256,763 shares of its common stock.

[SK Communications Co., Ltd.]

(1) Merger

On June 25, 2007, the board of directors resolved to cause SK Communications Co., Ltd. to merge into Empas Corp., effective as of November 1, 2007. We believe this merger helped to strengthen our competitiveness in the portal services market. In the merger, one share of the former SK Communications was converted into 3.5732182 shares of Empas.

(2) Spin off

On August 6, 2008, the board of directors resolved to spin off its video education business to create Etoos Co., Ltd., effective as of November 1, 2008. The spin off was intended to help the Company to better focus on its core businesses and to give each of our business divisions greater autonomy in making operational decisions based on technical expertise specific to the respective business division.

(3) Acquisition

1. Acquisition of publishing business division

On April 10, 2009, SK Communications sold its publishing business division to Etoos for Won 4,785 million in accordance with the resolution of our board of directors of March 5, 2009.

2. Acquisition of the KUKU division

On July 1, 2009, SK Communications purchased the KUKU division from SK I-Media Co., Ltd., a subsidiary of ours, for a purchase price of Won 1,157 million, in accordance with the June 25, 2009 resolution of our board of directors.

3. Acquisition of the Spicus division

Pursuant to the July 23, 2009 resolution of our board of directors, SK Communications sold the Spicus division, the Company's telephone English education division, to Spicus Inc., a subsidiary of Altos Ventures on August 1, 2009 for a purchase price of Won 1,493 million.

(4) Disposition of shares

SK Communications sold all of its shares in Etoos to Cheong Sol pursuant to a resolution of our board of directors of October 19, 2009 and, as consideration, received Won 50,000 million principal amount of convertible bonds.

E. Other Important Matters related to Management Activities

[SK Telecom]

(1) Interim dividend

On July 28, 2011, the board of directors resolved to declare interim dividends as follows:

- 1) Payment of interim dividends: cash dividend of Won 1,000 per share (Total dividend amount: Won 71,094,999,000)
- 2) Market dividend rate: 0.63%
- 3) Record date: June 30, 2011
- 4) Date of dividend payment : Within 20 days following the resolution of the board of directors

(2) Share buy-back

In accordance with the resolution of the Company's board of directors on July 19, 2011, the Company repurchased 1,400,000 shares of treasury stock to stabilize share price and enhance shareholder value. For more details, please see public disclosures made on July 20, 2011 and October 5, 2011 regarding the repurchase.

(3) Leak of personal information

In July 2011, a leak of personal information of subscribers of Nate and Cyworld websites operated by SK Communications Co., Ltd., the Company's consolidated subsidiary, occurred. Two lawsuits (total claim of Won 9 million) demanding compensation for damages from the leak were filed and five payment orders (total payment amount of Won 7 million) were issued by the courts against SK Communications in connection with the leak.

(4) Spin-off

In accordance with the resolution of the Company's board of directors on July 19, 2011 and the resolution of the shareholders' meeting on August 31, 2011, the Company spun off its platform business and established SK Planet Co., Ltd. effective as of October 1, 2011. The registration of the spin-off was completed on October 5, 2011. Set forth below are important details of the spin-off.

Description	Detail
Method of Spin-off	Simple vertical spin-off
Resulting Companies	SK Telecom Co., Ltd. (Surviving Company)  SK Planet Co., Ltd. (Spin-off Company)
Effective Date	October 1, 2011

Set forth below is summary of financial position before and after the spin-off. (in millions of Won)

Description	Before spin-off (As of September 30, 2011)	After spin-off (As of October 1, 2011)

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	SK Telecom Co., Ltd.	SK Telecom Co., Ltd.	SK Planet Co., Ltd.
Total Assets	19,400,114	19,084,651	1,545,537
Total Liabilities	7,673,828	7,358,365	315,463
Total Shareholders Equity	11,726,286	11,726,286	1,230,074

Schedule of spin-off

Category	Date
Board resolution on spin-off	July 19, 2011
Record Date for Determination of Shareholders for the Shareholders Meeting for Spin-off	August 4, 2011
Shareholders Meeting for Approval of Spin-off Plan	August 31, 2011
Date of Spin-off	October 1, 2011
Shareholders Meeting for Report of Spin-off or Inaugural Meeting of Shareholders	October 4, 2011
Registration of Spin-off	October 5, 2011
Notice of closure of shareholders register	July 20, 2011
Period of closure of shareholders register	August 5, 2011~ August 8, 2011
Others	
Public notice of shareholders meeting	August 10, 2011 and August 12, 2011
Dispatch of notice of shareholders meeting	August 12, 2011

Changes in shareholding, including majority shareholder

Not applicable because the spin-off is a simple vertical spin-off.

Appraisal rights of shareholders

Not applicable because the spin-off is a simple vertical spin-off.

Protection of creditors

In accordance with Article 530-1 Paragraph 1, both SK Telecom and SK Planet will be jointly and severally liable for the payment of all obligations of SK Telecom incurred prior to the spin-off.

Allocation of new shares

In accordance with Articles 530-2 through 530-12, the spin-off is a simple vertical spin-off and all shares of SK Planet were allocated to SK Telecom.

(5) Acquisition of Shares of Hynix Semiconductor

In accordance with the resolution of the Company's board of directors on November 14, 2011, the Company decided to purchase 146,100,000 shares of Hynix Semiconductor Inc. (estimated aggregate purchase price of Won 3,426,675 million) on February 14, 2012 in order to acquire the control of Hynix Semiconductor. All shares (including existing shares and newly-issues shares) will be purchased with cash, and the Company will have a 21.05% equity interest in Hynix Semiconductor after the purchase.

[SK Broadband]

SK Broadband, a material consolidated subsidiary of ours, acquired subscriberships of regional cable and other service providers on several different occasions. Such acquisitions were intended to secure a stable subscriber base for our broadband Internet service and, at the same time, increase the service coverage area. Because such acquisitions were conducted on a relatively small scale and involved purchase of subscriberships, we did not believe such acquisitions rose to the level of purchasing an entire business line from another company or likely to have a material impact on our business, and therefore we believed that such acquisitions did not require resolution of our shareholders.

### 3. Total Number of Shares

#### A. Total number of shares

(As of September 30, 2011)

(Unit: shares)

Classification	Share type		Remarks
	Common shares	Total	
<b>I. Total number of authorized 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>	8,533,235	8,533,235	
a. reduction of capital			
b. retirement with profit	8,533,235	8,533,235	
c. redemption of redeemable shares			
d. others			
<b>IV. Total number of shares (II-III)</b>	80,745,711	80,745,711	
<b>V. Number of treasury shares</b>	11,050,712	11,050,712	
<b>VI. Number of shares outstanding (IV-V)</b>	69,694,999	69,694,999	

On July 20, 2011, the Company publicly disclosed its plan to repurchase treasury stock. The Company repurchased 1.4 million shares of treasury stock from July 25, 2011 to September 30, 2011 through the Korea Exchange. For more information on the repurchase of treasury stock, please see public disclosures made on July 20, 2011 and October 5, 2011.

## B. Treasury Stock

## (1) Acquisitions and Dispositions of Treasury Stocks

(As of September 30, 2011)

(Unit: Shares)

Acquisition methods	Type of shares	At the beginning of period	Changes			At the end of period	
			Acquired (+)	Disposed (-)	Retired (-)		
Acquisition pursuant to the Financial Investment Services and Capital Markets Act of Korea ( FSCMA )	Direct acquisition from market	Common shares	5,686,028	1,400,000		7,086,028	
	Direct acquisition	Preferred shares					
		Tender offer	Common shares				
		Appraisal rights of dissenting shareholder	Preferred shares				
	Sub-total	Common shares	5,686,028	1,400,000		7,086,028	
		Preferred shares					
	Acquisition through trust and other agreements	Held by trustee	Common shares	3,886,710			3,886,710
		Held in actual stock	Preferred shares				
			Common shares				
		Sub-total	Common shares	3,886,710			3,886,710
Other acquisition	Common shares	77,974			77,974		
	Preferred shares						
Total	Common shares	9,650,712	1,400,000		11,050,712		
	Preferred shares						

\* Among 11,050,712 shares directly acquired by the Company, 2,192,102 shares were deposited with the Korea Securities Depository as of September 30, 2011 for issuance upon conversion of the overseas convertible bonds.

## 4. Status of Voting Rights

(As of September 30, 2011)

(Unit: shares)

Classification	Number of shares	Remarks
<b>Total shares (A)</b>	80,745,711	
<b>Number of shares without voting rights (B)</b>	11,050,712	Treasury shares
<b>Shares with restricted voting rights under the Korean law (C)</b>		
<b>Shares with reestablished voting rights (D)</b>		
<b>The number of shares with exercisable voting rights (E = A - B - C + D)</b>	69,694,999	



## 5. Dividends and Others

### A. Dividends

- (1) Distribution of interim dividends of Won 1,000 was approved during the 305th Board of Directors Meeting on July 23, 2009.
- (2) Distribution of cash dividends was approved during the 26th General Meeting of Shareholders held on March 12, 2010.

Distribution of cash dividends per share of Won 8,400 (exclusive of an interim dividend of Won 1,000) was approved.

- (3) Distribution of interim dividends of Won 1,000 was approved during the 318th Board of Directors Meeting on July 22, 2010.
- (4) Distribution of cash dividends was approved during the 27th General Meeting of Shareholders held on March 11, 2011.

Distribution of cash dividends per share of Won 8,400 (exclusive of an interim dividend of Won 1,000) was approved.

- (5) Distribution of interim dividends of Won 1,000 was approved during the 330th Board of Directors Meeting on July 28, 2011.

### B. Dividends for the Last 3 Fiscal Years

(Unit: in millions of Won, except per share value)

Classification	As of and for the nine months ended September 30, 2011	As of and for the year ended December 31, 2010	As of and for the year ended December 31, 2009
Par value per share (Won)	500	500	500
Net income	1,423,741	1,410,968	1,288,340
Net income per share (Won)	20,083	19,612	17,808
Total cash dividend	71,095	669,534	680,043
<b>Total stock dividends</b>			
Percentage of cash dividend to available income (%)		47.5	52.8
Cash dividend yield ratio (%)	0.6	5.4	5.6
Stock dividend yield ratio (%)			
Cash dividend per share (Won)	1,000	9,400	9,400
Stock dividend per share (share)			

Prepared based on non-consolidated financial statements. Net income per share means basic net income per share.



\* Total cash dividend of Won 680,043 million for the year ended December 31, 2009 includes the total interim dividend amount of Won 72,345 million, and the cash dividend amount per share of Won 9,400 includes the interim cash dividend amount of Won 1,000.

\* Total cash dividend of Won 669,534 million for the year ended December 31, 2010 includes the total interim dividend amount of Won 72,345 million, and the cash dividend amount per share of Won 9,400 includes the interim cash dividend amount of Won 1,000.

\* Total amount of interim dividend for the nine months ended September 30, 2011 was Won 71,095 million, and the interim cash dividend amount per share was Won 1,000.

**II. BUSINESS**

Each company in consolidated entity is separate as a legal entity providing independent services and products. The business is majorly distinguished as a wireless telecommunication business consisting of mobile phone, wireless data, information telecommunication, a fixed line telecommunication business consisting of PSTN, high speed Internet, data and network lease service etc. and other telecommunication business composing of Internet portal service, game etc.

**1. Business Overview****[Wireless Business]****A. Industry Characteristics**

As of September 30, 2011, the number of domestic mobile phone subscribers reached 52.12 million and, with more than 100% penetration rate, the Korean mobile communication market can be considered to have reached its maturation stage. However, the penetration rate is expected to increase further due to increased use of mobile phones by corporate users resulting from the rapid growth of smart phone markets, as well as the increasing popularity of high-tech mobile devices based on wireless data services such as tablet PC.

The Korean mobile communications market continues to improve in the quality of services with the help of advances in network-related technology and the development of highly advanced handsets including various smart phones which enable the provision of convergence services for multimedia contents, mobile commerce, telematics, satellite Digital Multimedia Broadcasting ( DMB ), digital home services, connected workforce services and other related services. In addition, through HSPA+ network commercialized in October 2010 and the LTE network introduced in July 2011, the B2B business directly resulting in the enhancement of productivity, such as the corporate connected workforce business, is expected to grow rapidly.

**B. Growth Potential**

Classification		(Unit: 1,000 persons)				
		As of September 30, 2011	2010	2009	As of December 31, 2008	2007
Number of subscribers	SK Telecom	26,421	25,705	24,270	23,032	21,968
	Others (KT, LGU+)	25,697	25,062	23,675	22,575	21,529
	<b>Total</b>	<b>52,118</b>	<b>50,767</b>	<b>47,944</b>	<b>45,607</b>	<b>43,497</b>

(Source: Korea Communications Commission website)

**C. Domestic and Overseas Market Conditions**

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. Although demand 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. In addition, sales revenue related to data services is expected to increase due to the increasing popularity of smart phones and wireless Internet. Business-to-business segment that creates added values by adding additional solutions and applications is also growing. Seasonal and economic fluctuations have much less impact on the Korean mobile communication market compared to other industries.

Historical market share of the Company:

Classification	As of	(Unit: %)		
	September 30, 2011	As of December 31, 2010	2009	2008
Mobile communication services	50.7	50.6	50.6	50.5

Comparative market share:

Classification	SK Telecom	KT	LG U+
Market share	50.7	31.5	17.9

(Source: Korea Communications Commission website)

#### D. Business Overview and Competitive Strengths

The Company's wireless business, seeking to become the Global Convergence Leader, achieved robust operating results in the third quarter of 2011 due to solid growth in new subscribers, an increase in demand for smart phones, vigorous activity in wireless Internet area and the Company's fundamental strengths. The Company maintained its leadership in wireless Internet market by commencing the LTE service for the first in Korea, while preparing for new growth in global platform business.

As of September 30, 2011, the Company had approximately 26.42 million wireless subscribers throughout Korea and a 50.7% market share of the wireless market in Korea in terms of the number of subscribers. The Company plans to establish its leadership among users of smart phones by introducing various mobile platforms and streamlining the subscription process and pricing structures to enable subscribers to easily access their mobile content from multiple devices. The Company also plans to maintain its leadership in wireless Internet market by providing innovative user interface for content access and through investment in data networks, network sharing and support of the content production.

The Company has begun the popularization of smart phones and its smart phone subscribers reached 10 million as of the end of October 2011. The Company's LTE subscribers are increasing as planned, as sales are vitalized by an expanded lineup of premium LTE handsets. The Company is also providing unrivaled network coverage as it has expanded network coverage to inside buildings and underground. The Company plans to expand its LTE coverage to 28 cities from January 2012, and expects such expansion will lead to an increase in sales throughout the nation and accelerate the growth of LTE and table PC users.

SK Planet, which was officially established on October 1, 2011, has started its work with the vision of Global Platform Innovator and with core values of Human, Unique and Global. T store has reached 10 million subscribers after two years of rapid growth, which resulted from various policies to support application developers and build ecosystem. T store will further cooperate with business partners as the subscriber base grows. T store also plans to expand to China, Taiwan and Japan.

11<sup>th</sup> Street has recently increased its market share in Korea to approximately 30% and has recorded operating profit from June 2011. In addition, 11<sup>th</sup> Street is the leader with 42% market share in the mobile commerce market, which is showing rapid growth. 11<sup>th</sup> Street will strengthen its competitiveness by launching Open Shopping Gateway in 2011 that combines open market, general shopping mall and professional shopping mall.

The Company also expects the growth of business to business ( B2B ) sector. The Company is generating tangible results in B2B sector by developing new business models for different industries, such as health care and education, as well as developing B2B solutions and increasing its influence in B2B lease-line business.

**[Fixed Line Business]**

A. Industry Characteristics

The Korean telecommunications industry is currently characterized by the introduction of smartphones, tablet computers and other devices with enhanced mobility and the advent of cloud computing, mobile offices and other information and communications technology. In addition, mergers among fixed-line operators and wireless operators have accelerated the convergence within the telecommunications sector, creating a market structure in which groups with both fixed-line and wireless capabilities compete for greater market share to secure a more solid footing in the market. Spurred on by the introduction of various bundled products , growth in the subscriber base for IP TV services and a paradigm shift in the voice telephone market towards Internet-based telephone services, the broadband and fixed-line telecommunications market is playing a key role in the accelerated consolidation of the service providers as well as heightened competition in a growing market. The increased usage of smartphones and tablet PCs, as well as the commercialization of the fourth generation LTE network, has greatly increased the demand for wireless data transmissions, thereby putting into greater relief the importance of fixed-line networks.

We believe the transition to digital TV services will accelerate in 2012 when analog open air TV broadcast will terminate. We expect stronger competition in new services such as smart TVs and various convergence products, such as smartphones and N Screen services employing tablet computers.

Satellite DMB service has characteristics of both broadcasting and telecommunication services. It is characterized as satellite broadcasting because it broadcasts the same programming to multiple users through the satellite network, while it has characteristics of telecommunication because it provides two-way communication service through handsets. Satellite DMB service can be compared to broadcasting media, such as terrestrial radio and television, cable television and satellite broadcasting, as well as telecommunication media, such as the Internet and wireless telephone, and convergence media, such as wireless portal and terrestrial DMB service.

## B. Growth Potential

(Unit: 1,000 persons)

Classification		As of	As of December 31,	
		September 30, 2011	2010	2009
Fixed Line Subscribers	High Speed Internet	17,754	17,224	16,348
	Fixed Line	18,775	19,273	20,089
	IPTV	3,332	2,740	1,742

(Source: Korea Communications Commission website)

## C. Domestic and Overseas Market Conditions

The broadband and fixed-line telecommunications market comprises all residents in Korea who have a need for broadband Internet, telephone, IP TV or other fixed-line services, regardless of their sex, age and income levels, and extends to all geographical areas in Korea. Most foreign countries deem fixed-line telecommunications services as part of their national infrastructure, and therefore at this moment reliance on domestic service providers is near 100%. The broadband Internet market and telephone services market are near saturation, but there is a steady increase in number of subscribers. In addition, there has been a strong growth in the market for IP TV, smart office services and other integrated convergence products that are becoming the new media platform in the market, resulting in faster growth in the business-to-business market.

The expected migration of analog cable television subscribers to digital TV services in 2012 when analog open air TV broadcast will terminate, as well as the expansion of markets resulting from the entrance of new global players, such as Apple and Google, into the television industry, are expected to present new opportunities. On the other hand, risk factors include an increase in competition as a competitor is expanding its subscriber base by offering services bundled with satellite TV service.

Historical market share of the Company:

Classification	As of	(Unit: %) As of December 31,	
	September 30, 2011	2010	2009
High Speed Internet (include Resale)	23.4	23.2	23.5
Fixed Line (include VOIP)	14.5	13.7	11.5
IPTV	24.1	26.8	23.1

(Source: Korea Communications Commission website)

## D. Business Overview and Competitive Strengths

SK Broadband, which in 1999 became the first company in the world to commence commercial ADSL services, has strengthened its co-marketing efforts with SK Telecom. The co-marketing efforts and the enhanced competitiveness of the bundled products have resulted in expanded subscriber base across all of our businesses, including broadband Internet, telephone and IP TV. In particular, we have positioned ourselves to focus on corporate customer services as one of the key strategic areas for mid- to long-term growth, and our efforts to exploit new information and communications technology based businesses have led to revenue growth and strengthening of our competitiveness in the emerging business-to-business market.

SK Telink, a material consolidated subsidiary of ours, provides international telecommunications service. SK Telink has been able to establish itself as a market leader as a result of its affordable pricing, proactive marketing and the quality of its services. It launched a mobile phone-based international calling service under the brand name 00700 in 1998, creating a new niche market within the long-distance telephony market that was otherwise dominated by existing service providers. In 2003, SK Telink was designated a common carrier for international calling services, which allowed us to expand our international calling services to fixed-line international calling services. In addition, in 2010, we were again ranked first in the four major independent customer satisfaction surveys, including the Korea Nation Customer Satisfaction Index, after having been ranked first in 2009. The revenue from our international calling services in 2010 was Won 323.4 billion, which represents a 7% growth from 2009.

On December 30, 2004, we obtained from the government a license to provide the satellite DMB service, which is a new multimedia broadcasting service and a convergence service comprising broadcasting and telecommunication. We commenced commercial broadcasting in May 2005 and had 1.64 million subscribers as of September 30, 2011, which has decreased recently due to the subscribers' migration to mobile Internet video services. The growth of satellite DMB service has generally slowed.

#### **[Other Business]**

##### **A. Industry Characteristics**

In the past 10 years, the number of Internet subscribers in Korea increased by approximately 18 million from approximately 19.0 million in 2000 to approximately 37.0 million in 2010, representing a 7.1% compounded annual growth rate. The number of Internet subscribers saw an annual growth rate of at least 5.0% in the first half of the decade; however, starting in 2006, the annual growth rate dropped to around 1% as the market became more mature and stable. (Source: Korea Internet & Security Agency).

Internet portal service, which has grown based on search and community services, is expanding into various different services. The primary revenue source for the Internet portal service is Internet advertisement, which has experienced a rapid growth and has become a major advertisement media comparable to traditional media such as the television or newspapers. In addition, a rapid increase in mobile Internet users has led to the development of various mobile web services and applications. Mobile advertisement market is growing rapidly together with the growing popularity of mobile Internet and is expected to become an important revenue source for Internet portal services.

##### **B. Growth Potential**

Although the number of Internet subscribers and penetration rate of Internet services in general have remained stagnant, Internet advertising has seen continued growth despite such constraints in growth potential of the Internet services market. We believe the growth of the Internet display advertising market owes in large part to its cost effectiveness compared to traditional off-line advertising, the increase in Internet advertising budgets among corporate advertisers, development of new Internet advertising products and increases in Internet advertising fees. In addition, search-based Internet advertising has continued its growth as a result of increase in pay-per-click pricing due to heightened demand by a growing number of advertisers and the increase in the overall number of clicks. A rapid growth of mobile Internet markets, spurred by the popularity of smart phones, is also expected to contribute to the growth of the Internet portal industry. The emergence of new mobile Internet services suitable for mobile devices, such as location-based services, music player and mobile games, is also expected to benefit the Internet portal industry.

## C. Domestic and Overseas Market Conditions

### (1) Market Characteristics

The number of Internet users in Korea reached approximately 37 million, 77.8% of total population. The Internet has become an essential part of everyday life as a source of information, a leisure activity and a means of communication. (Source: Korea Internet & Security Agency). Internet portal services are expected to gain importance as gateways to various other websites and providers of diverse contents, and advertisement and contents revenue is anticipated to increase accordingly. In addition, an increase in users' demand for portal service and contents arising from the popularity of smart phones and mobile Internet is expected to increase related revenue.

### (2) Competition

Internet portal service providers provide more or less identical types of services, including search, social networking sites, email service, news and other contents. However, for each type of service, a small number of service providers with specialized expertise are enjoying relatively large market shares. However, the portal services market has a relatively light entry barrier and there is increased competition from new entrants. In addition, the ease of access to services provided by competitive foreign providers is also adding to a strongly competitive market environment.

### (3) Market Share

Our CyWorld service is the largest social networking website in Korea, with 25.91 million cumulative subscribers, 19.48 million net subscribers and a page view of 3.7 billion as of September 2011. Our Nate-On service had the largest market share of 73.3% in the instant messenger market in Korea with 12.6 million net users as of September 2011. Our Nate search portal service ranked third among search engines in Korea with a market share of 4.7% as of September 2011. (Source: Korean Click, company data).

## D. Business Overview and Competitive Strengths

SK Communications' consolidated subsidiaries under K-IFRS include SK I-Media, Co., Ltd. and Service-in Co., Ltd. SK Communications sold all shares of SK I-Media on October 20, 2011, and SK I-Media's results were reflected in profit or loss from discontinued operations of SK Communications. In the nine months ended September 30, 2011, SK Communications recorded operating revenue of Won 196.8 billion, operating profit of Won 9.4 billion and net income of Won 6.2 billion, on a consolidated basis. In the nine months ended September 30, 2011, SK Communications recorded operating revenue of Won 196.8 billion, operating profit of Won 9.4 billion and net loss of Won 2.3 billion, on a non-consolidated basis.

2011 is a year in which SK Communications will aim to take big strides in its growth as it builds on the results of 2010 and strive to become the leading Internet service provider in Korea. Key strategic goals for SK Communications in 2011 are to strengthen its social networking site, Cyworld, and to become the service provider with the largest market share in the smart device contents market. We will aim to further strengthen our competitiveness by taking such initiatives as integrating the wide range of services provided through NATE and NATE-ON to our social networking services, and adding a social networking search service in our NATE search engine. Furthermore, we will pursue expansion into foreign markets by further exploiting the advantages of our social networking services that are unique to Cyworld, as well as improving its user interface to make it accessible to users all around the world, with an aim to establishing regional hubs for our social networking services.

## 2. Major Products & Services

### A. Updates on Major Products and Services

(Unit: in thousands of Won, %)

Business fields	Sales type	Item	Major trademarks	Sales amount (ratio)
Mobile	SK Telecom Co., Ltd., Commerce Planet Co., Ltd., PS&Marketing Corporation, Service Ace Co., Ltd., Service Top Co. Ltd., Network O&S Co., Ltd.	Mobile Phone,	NATE, T Store and others	10,008,934,957(83%)
		Wireless Data, Information Telecommunication		
Fixed Line	SK Broadband Co., Ltd., Broadband D&M Co., Ltd., Broadband Media Co., Ltd., Broadband CS Co., Ltd., SK Telink Co., Ltd.	Phone, High Speed Internet, Data and Network lease service	Btv, 00700 international call and others	1,639,491,756(14%)
Other	SK Communications Co., Ltd., PAXNet Co., Ltd., Loen Entertainment, Inc., SKT Americas, Inc., SK Telecom China Holdings Co., Ltd.	Internet Portal Service, Game	NATE, Cyworld and others	366,188,342(3%)
			Others	12,014,615,055(100%)

### B. Price Fluctuation Trend of Major Products and Services

#### [Mobile Business]

Previously, based on the Company's Basic Plan for monthly subscription, the basic service fee was Won 13,000 per month and the usage fee was Won 20 per 10 seconds and based on the Company's Standard Plan, basic service fee was Won 12,000 per month and the usage fee was Won 18 per 10 seconds. As of September 30, 2011, based on the Company's Standard Plan, basic service fee was Won 11,000 per month and the usage fee was Won 1.8 per 1 second.

#### [Fixed Line Business]

SK Broadband provides broadband Internet access service, telephony, TV, corporate data services and other services for both individual and corporate customers. For the nine months ended September 30, 2011, broadband Internet services comprised 47.2% of SK Broadband's revenue, telephony service 24.3%, corporate data services 19.9% and other telecommunications services 8.6%.

#### [Other Business]

SK Communications' display advertisements are priced at Won 15 to 70 million per day. Search advertisements are priced variably depending on the search keyword using cost per click and cost per time methods. Cyworld revenues are generated through sale of cyber items at a price of Won 300 to 700 per item per week.

**3. Investment Status**

[Mobile Business]

## A. Investment in Progress

(Unit: in 100 millions of Won)

Business field	Classification	Investment period	Subject of investment	Investment effect	Total investments	Amount already invested	Future investment
Network/Common	Upgrade/New installation	2011	Network, systems and others	Capacity increase and quality improvement; systems improvement	To be determined	14,112	To be determined
<b>Total</b>					To be determined	14,112	To be determined

## B. Future Investment Plan

(Unit: in 100 millions of Won)

Business field	Expected investment amount		Expected investment for each year			Investment effect
	Asset type	Amount	2011	2012	2013	
Network/Common	Network, systems and others	23,000	23,000	To be determined	To be determined	Upgrades to the existing services and provision of new services
<b>Total</b>		23,000	23,000	To be determined	To be determined	Upgrades to the existing services and provision of new services

[Fixed Line Business]

## A. Investment in Progress

(Unit: in 100 millions of Won)

Business field	Classification	Investment period	Subject of investment	Investment effect	Total investments	Amount already invested	Future investment
High-speed Internet	Upgrade/New installation	2011	Backbone and subscriber network / others	Expand subscriber networks and facilities	To be determined	390	To be determined
Telephone						38	
Television						305	
Corporate Data						741	
Others						422	
<b>Total</b>					To be determined	1,896	To be determined



## 4. Revenues

			(Unit: in millions of Won)	
Business field	Sales type	Item	For the nine months ended September 30, 2011	For the year ended December 31, 2010
Mobile	Services	Export		599
		Domestic	10,008,935	12,919,663
		Subtotal	10,008,935	12,920,262
Fixed Line	Services	Export	22,168	30,883
		Domestic	1,617,324	2,196,424
		Subtotal	1,639,492	2,227,307
Other	Services	Export	3,342	12,000
		Domestic	362,846	439,726
		Subtotal	366,188	451,726
Total		Export	25,510	43,482
		Domestic	11,989,105	15,555,813
		Total	12,014,615	15,599,295

					(Unit: in thousands of Won)	
For the nine months ended September 30, 2011	Wireless	Fixed	Other	Sub total	Internal transaction	After consolidation
<b>Total revenue</b>	10,641,117,305	2,114,212,408	471,330,333	13,226,660,046	-1,212,044,991	12,014,615,055
<b>Internal revenue</b>	632,182,348	474,720,652	105,141,991	1,212,044,991	-1,212,044,991	
<b>External revenue</b>	10,008,934,957	1,639,491,756	366,188,342	12,014,615,055		12,014,615,055
<b>Operating income (loss)</b>	1,735,590,676	37,472,808	32,449,698	1,805,513,182		1,805,513,182
<b>Net profit (loss)</b>	1,391,796,379	-21,893,536	16,688,445	1,386,591,288		1,386,591,288
<b>Total asset</b>	19,861,710,009	3,506,937,546	1,990,601,264	25,359,248,819	-2,216,336,891	23,142,911,928
<b>Total liabilities</b>	7,916,651,941	2,202,253,582	691,612,217	10,810,517,740	-241,462,532	10,569,055,208

## 5. Derivative Transactions

### SK Telecom Co., Ltd.

#### A. Currency Swap

(1) Purpose of Contracts: Hedging of risks related to fluctuations in currency exchange rates and interest rates

(2) Contract Terms

#### Currency swap contract applying cash flow risk hedge accounting

The Company has entered into a currency and interest rate swap contract with Credit Agricole Corporate & Investment Bank to hedge the foreign currency risk and the interest rate risk of U.S. dollar denominated floating rate long-term borrowings with face amounts totaling US\$100,000,000 borrowed on October 10, 2006. As of September 30, 2011, in connection with this unsettled currency and interest rate swap contract, an accumulated gain on valuation of derivatives amounting to Won 15,937,159,000 (excluding tax effect totaling Won 1,242,176,000 and foreign exchange translation loss arising from U.S. dollar denominated long-term borrowings totaling Won 23,150 million) was accounted for as accumulated other comprehensive gain.

In addition, the Company has entered into a currency and interest rate swap contract with two banks including HSBC in order to hedge the foreign currency risk and the interest rate risk of unguaranteed Japanese yen denominated bonds (56-2) with face amounts totaling JPY 12,500,000,000 issued on November 13, 2007. As of September 30, 2011, in connection with this unsettled currency and interest rate swap contracts, an accumulated gain on valuation of derivatives amounting to Won 88,068,527,000 (excluding tax effect totaling Won 1,176,963,000 and foreign exchange translation loss arising from unguaranteed Japanese yen denominated bonds totaling Won 88,005,708,000) was accounted for as accumulated other comprehensive gain.

In addition, the Company has entered into a currency and interest rate swap contract with Mizuho Corporate Bank in order to hedge the foreign currency risk and the interest rate risk of unguaranteed Japanese yen denominated bonds (59-2) with face amounts totaling JPY 3,000,000,000 issued on January 22, 2009. As of September 30, 2011, in connection with this unsettled currency and interest rate swap contract, an accumulated gain on valuation of derivatives amounting to Won 2,946,099,000 (excluding tax effect totaling Won 655,890,000 and foreign exchange translation gain arising from unguaranteed Japanese yen denominated bonds totaling Won 35,219,000) was accounted for as accumulated other comprehensive gain.

In addition, the Company has entered into a currency and interest rate swap contract with The Bank of Tokyo-Mitsubishi in order to hedge the foreign currency risk and the interest rate risk of unguaranteed Japanese yen denominated bonds (60-2) with face amounts totaling JPY 5,000,000,000 issued on March 5, 2009. As of September 30, 2011, in connection with this unsettled currency and interest rate swap contract, an accumulated loss on valuation of derivatives amounting to Won 810,955,000 (excluding tax effect totaling Won 214,438,000 and foreign exchange translation gain arising from unguaranteed Japanese yen denominated bonds totaling Won 1,785,675,000) was accounted for as accumulated other comprehensive loss.

In addition, the Company has entered into a currency swap contract with six banks including Morgan Stanley to hedge the foreign currency risk of unguaranteed U.S. dollar denominated bonds (with face amounts totaling US\$400,000,000) issued on July 20, 2007, and has applied cash flow risk hedge accounting to this foreign currency swap contract starting from May 12, 2010. Accordingly, as of September 30, 2011, in connection with this unsettled foreign currency swap contract, an accumulated loss on valuation of currency swap of Won 89,263,407,000 that has accrued since May 12, 2010 (excluding tax effect totaling Won 22,727,274,000 and foreign exchange translation loss arising from unguaranteed U.S. dollar denominated bonds totaling Won 14,042,383,000) was accounted for as accumulated other comprehensive loss. Meanwhile, a loss on valuation of currency swap of Won 129,806,021,000 incurred prior to the date of applying cash flow risk hedge accounting was charged to current operations.

**B. Interest Rate Swap**

(1) Purpose of Contracts: Hedging of risks related to fluctuations in interest rates

(2) Contract Terms

Interest rate swap contract to which the hedge accounting is not applied

The Company has entered into an interest rate swap contract with two banks including DBS in order to hedge the interest rate risk of floating rate foreign currency bonds with face amounts totaling US\$220,000,000 issued on April 29, 2009. In connection with this unsettled interest rate swap contract, gains on valuation of interest rate swap of Won 3,388,829,000 and Won 2,087,789,000 for the nine month periods ended September 30, 2011 and September 30, 2010, respectively, were charged to current operations.

SK Broadband Co., Ltd.

SK Broadband has entered into a currency swap contract with six financial institutions including the Korea Development Bank to hedge the foreign currency risk of U.S. dollar denominated bonds (with face amounts totaling US\$500,000,000) issued on February 1, 2005, and has applied cash flow risk hedge accounting to this foreign currency swap contract as follows.

(Won in thousands)											
Title	Counterparties	Contract Date / Expiration Date	Purpose	Nominal Amount	Settlement Method	Early Redemption	Short-term Derivatives	Currency Swap Liability	Accumulated Other Comprehensive Gain	Loss on Valuation of Currency Swap	Agreed Exchange Rates
Currency swap	Korea Development Bank and others	Feb. 1, 2005 / Feb. 1, 2012	Risk hedging	US\$500 million	Receive US\$ required to repay bonds and pay KRW in accordance with agreed exchange rates	Permitted	28,797,129	5,779,041	20,556,501	1,026.5-1,035.0	

SK Communications Co., Ltd.

SK Communications recognizes the conversion rights of the convertible bonds received in connection with the sale of Spicus Co., Ltd. and Etoos Education Co., Ltd. at their fair value. Derivative instruments are first recognized at the fair value as of the contract date and are revaluated as of the date of reporting.

**6. Major Contracts**

[SK Telecom]

Category	Vendor	Start Date	Completion Date	Contract Title	Contract Amount (Won in 100 million)
Service	Network O&S	January 1, 2011	December 31, 2011	Maintenance of transmission stations for 2011	1,189
Service	Service Ace	January 1, 2011	December 31, 2011	Customer service for 2011	1,129
Service	Service Top	January 1, 2011	December 31, 2011	Customer service for 2011	1,067
Service	SK Telink	January 1, 2011	December 31, 2011	Satellite DMB affiliation business	819
Service	SK Marketing & Company	January 1, 2011	December 31, 2011	Operation of membership program for 2011	701
Service	Freegent & Future	January 1, 2011	December 31, 2011	Operation of T seller program for 2011	216
Service	SK Network Service	January 1, 2011	December 31, 2011	Customer service for handsets in 2011	162
Service	Service Ace	January 1, 2011	December 31, 2011	Customer service education for 2011	114
Service	F&U Credit Information	January 1, 2011	December 31, 2011	Billing service for 2011	101
Subtotal					5,489

## [SK Broadband]

SK Broadband enters into contracts to use telecommunications facilities, including the use of line conduits and interconnection among telecommunication service providers.

## [SK Communications]

Counterparty	Purpose	Contract Period	Contract Amount
SK Telecom Co., Ltd.	Operation of wireless NATE service	From Jan. 1, 2011 to Dec. 31, 2011	Flexible depending on the number of employees involved and other factors
Overture Korea	Agency agreement for search advertisement		Amount determined based on the number of clicks
SK Construction Co., Ltd.	Construction of Pangyo Office Building	23 months	Won 61.9 billion
SK Telecom Co., Ltd.	Operation of shopping business at nate.com website	From Jul. 1, 2011 to Dec. 31, 2013	Minimum guarantee of Won 18.4 billion for the period from Jul. 1, 2011 to Dec. 31, 2011; Amounts for 2012 and 2013 are to be determined.
Daum Communications	Business and service cooperation regarding search advertisement		Revenues are allocated in accordance with certain set percentages.

**7. R&D Investments**

(Unit: in million Won)

Category	For the nine months ended	For the year ended	Remarks
	September 30, 2011	December 31, 2010	
<b>Raw material</b>	30	41	
<b>Labor</b>	35,049	49,441	
<b>Depreciation</b>	108,765	143,131	
<b>Commissioned service</b>	31,636	98,545	
<b>Others</b>	31,482	64,755	
<b>Total R&amp;D costs</b>	206,962	355,913	
<b>Accounting</b>			
<b>Sales and administrative expenses</b>	204,705	352,186	
<b>Development expenses (Intangible assets)</b>	2,257	3,727	
<b>R&amp;D cost / sales amount ratio</b>			
<b>(Total R&amp;D costs / Current sales amount×100)</b>	1.72%	2.28%	

**8. Other information relating to investment decisions**

**A. Trademark Policies**

The Company manages its corporate brand and other product brands such as T in a comprehensive way to protect and increase their value.

The Company's Brand Management Council in charge of overseeing its systematic corporate branding operates full time to execute decisions involving major brands and operates Brandnet, an intranet system to manage corporate brands which provides solutions including licensing of the brands and downloading of the Company logos.

**B. Business-related Intellectual Properties**

The Company owns intellectual property rights to the design of alphabet T. The rights are based on domestic trademark laws and the Company has proprietary and exclusive use of the trademark for 10 years and the rights are renewable. The designed alphabet T is registered in all business categories for trademarks (total of 45) and is being used as the primary brand of the Company.

**III. FINANCIAL INFORMATION****1. Summary Financial Information (Consolidated)****A. Summary Financial Information (Consolidated)**

(Unit: in million Won)

Classification/Fiscal Year	As of September 30, 2011	As of December 31, 2010
<b>Current Assets</b>	<b>6,788,585</b>	<b>6,653,992</b>
Cash and Cash Equivalent	1,728,505	659,405
Accounts Receivable	1,940,186	1,949,397
Notes Receivable	1,343,877	2,531,847
Others	1,776,017	1,513,343
<b>Non-Current Assets</b>	<b>16,354,327</b>	<b>16,478,397</b>
Long Term Investment	1,560,133	1,680,582
Affiliate Investment	1,246,510	1,204,692
Fixed Assets	8,208,949	8,153,413
Intangible Assets	1,998,051	1,884,956
Good Will	1,755,040	1,736,649
Others	1,585,644	1,818,106
<b>Total Assets</b>	<b>23,142,912</b>	<b>23,132,389</b>
<b>Current Liabilities</b>	<b>6,665,282</b>	<b>6,202,170</b>
<b>Non-Current Liabilities</b>	<b>3,903,773</b>	<b>4,522,219</b>
<b>Total Liabilities</b>	<b>10,569,055</b>	<b>10,724,390</b>
<b>Controlling Shareholders' Equity</b>	<b>11,490,346</b>	<b>11,329,991</b>
Capital	44,639	44,639
Other Paid-In Capital	-281,097	-78,953
Retained Earnings	11,442,251	10,721,249
Other Capital	284,553	643,055
Minority Interests	1,083,511	1,078,008
<b>Total Stockholders' Equity</b>	<b>12,573,857</b>	<b>12,407,999</b>
Number of Subsidiaries	32	32

Classification/Fiscal Year	For the nine months ended September 30, 2011	For the nine months ended September 30, 2010
<b>Revenue</b>	<b>12,014,615</b>	<b>11,575,995</b>
Operating Profit (or Loss)	1,805,513	1,767,378
Profit (or Loss) From Continuing Operation Before Income Tax	1,920,530	1,691,737
Consolidated Total Net Profit	1,386,591	1,264,368
Net Profit (or Loss) Attributable to Majority Interests	1,396,494	1,322,265
Net Profit (or Loss) Attributable to Minority Interests	(9,903)	(57,896)
Earnings Per Share (Won)	19,698	18,310
Diluted Earnings Per Share (Won)	19,160	17,847

**2. Summary Financial Information (Non-Consolidated)**

Classification/Fiscal Year	As of September 30, 2011	As of December 31, 2010
<b>Current Assets</b>	<b>5,050,442</b>	<b>5,316,977</b>
Cash and Cash Equivalent	1,396,318	357,470
Accounts Receivable	1,334,787	1,453,061
Notes Receivable	1,293,249	2,499,969
Others	1,026,088	1,006,477
<b>Non Current Assets</b>	<b>14,349,672</b>	<b>14,410,150</b>
Long Term Investment	1,382,761	1,517,029
Affiliate Investment	3,640,521	3,584,395
Fixed Assets	5,673,497	5,469,747
Intangible Assets	1,611,118	1,424,969
Good Will	1,308,422	1,308,422
Others	733,352	1,105,588
<b>Total Assets</b>	<b>19,400,114</b>	<b>19,727,126</b>
<b>Current Liabilities</b>	<b>4,656,945</b>	<b>4,561,014</b>
<b>Non Current Liabilities</b>	<b>3,016,883</b>	<b>3,585,155</b>
<b>Total Liabilities</b>	<b>7,673,828</b>	<b>8,146,169</b>
<b>Capital</b>	<b>44,639</b>	<b>44,639</b>
Other Paid-In Capital	-233,036	-24,643
Retained Earnings	11,574,002	10,824,356
Other Capital	340,680	736,606
<b>Total Shareholders' Equity</b>	<b>11,726,286</b>	<b>11,580,958</b>

Classification/Fiscal Year	For the nine months ended September 30, 2011	For the nine months ended September 30, 2010
<b>Revenue</b>	<b>9,538,101</b>	<b>9,339,313</b>
Operating Profit (or Loss)	1,737,812	1,804,292
Profit (or Loss) From Continuing Operation Before Income Tax	1,936,692	1,818,157
Net Profit (or Loss)	1,423,741	1,388,904
Earnings Per Share (Won)	20,083	19,232
Diluted Earnings Per Share (Won)	19,533	18,744

**3. K-IFRS preparation, impact to financial statements, changes in accounting principle implemented****Transition to K-IFRS**

The Company prepares its financial statements in accordance with K-IFRS starting from the fiscal year 2011 which commenced on January 1, 2011. The Company's financial statements in previous periods were prepared in accordance with Korean GAAP. The Company's financial statements for the fiscal year 2010 presented for comparison were prepared in accordance with K-IFRS with January 1, 2010 as the transition date and pursuant to K-IFRS 1101 First-time Adoption of Korean International Financial Reporting Standards. For more information, please refer to note 3 to the independent auditor's review report attached hereto.



**IV. AUDITOR S OPINION****1. Auditor (Consolidated)**

Term	Year ended December 31,	
	2010	2009
Nine months ended September 30, 2011 Deloitte Anjin LLC	Deloitte Anjin LLC	Deloitte Anjin LLC

**2. Audit Opinion (Consolidated)**

Term	Auditor s opinion	Issues noted
Nine months ended September 30, 2011		
Year ended December 31, 2010	Unqualified	
Year ended December 31, 2009	Unqualified	

**3. Auditor (Non-Consolidated)**

Term	Year ended December 31,	
	2010	2009
Nine months ended September 30, 2011 Deloitte Anjin LLC	Deloitte Anjin LLC	Deloitte Anjin LLC

**4. Audit Opinion (Non-Consolidated)**

Term	Auditor s opinion	Issues noted
Nine months ended September 30, 2011		
Year ended December 31, 2010	Unqualified	
Year ended December 31, 2009	Unqualified	

**5. Remuneration for Independent Auditors for the Past Three Fiscal Years****A. Audit Contracts**

Term	Auditors	Contents	(Unit: in thousands of Won)	
			Fee	Total hours
<b>Year ended December 31, 2011</b>	Deloitte Anjin LLC	Semi-annual review		
		Quarterly review		
		Non-consolidated financial statements audit	1,364,000	14,033
		Consolidated financial statements audit English financial statements review and other audit task		
<b>Year ended December 31, 2010</b>	Deloitte Anjin LLC	Semi-annual review		
		Quarterly review		
		Non-consolidated financial statements audit	1,563,770	16,810
		Consolidated financial statements audit IFRS-based financial statements review English financial statements review and other audit task		
<b>Year ended December 31, 2009</b>	Deloitte Anjin LLC	Semi-annual review		
		Quarterly review		
		Non-consolidated financial statements audit	1,308,356	13,982
		Consolidated financial statements audit English financial statements review and other audit task		

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

(Unit: in thousands of Won)

Term	Contract date	Service provided	Service duration	Fee
<b>Year ended</b>	April 28, 2011	Tax consulting	30 days	45,000
<b>December 31, 2011</b>	April 28, 2011	Tax consulting	30 days	45,000
	July 20, 2010	Management consulting	4 days	5,000
	July 28, 2010	Tax consulting	15 days	18,000
	July 28, 2010	Tax consulting	5 days	6,600
<b>Year ended</b>	July 28, 2010	Tax consulting	30 days	40,000
<b>December 31, 2010</b>	July 28, 2010	Tax consulting	20 days	23,100
	December 23, 2010	Tax consulting	3 days	7,700
	December 23, 2010	Tax consulting	20 days	24,600
	December 29, 2010	Tax consulting	15 days	17,000
	May 13, 2009	Tax consulting	30 days	40,000
	May 22, 2009	Tax consulting	10 days	10,000
	May 22, 2009	Tax adjustment for fiscal year 2008	20 days	34,000
<b>Year ended</b>	May 22, 2009	Review of deferred corporate income tax for 1Q and 2Q	10 days	14,000
<b>December 31, 2009</b>	September 14, 2009	Review of quarterly tax adjustments	5 days	7,000
	September 14, 2009	Tax consulting	20 days	20,000
	December 28, 2009	Review of quarterly tax adjustments	5 days	7,000
	December 28, 2009	Tax consulting	10 days	12,000

**V. CORPORATE ORGANIZATION INCLUDING BOARD OF DIRECTORS AND AFFILIATED COMPANIES**

**1. Board of Directors**

A. Overview of Board of Directors Composition

The Company's Board of Directors is comprised of eight members: five independent directors and three inside directors. Within the Board, there are five Committees: Independent Director Nomination Committee, Audit Committee, Compensation Committee, CapEx Review Committee, and Corporate Citizenship Committee.

**The number of**

**persons**  
8

**Inside directors**  
Jae Won Choi, Sung Min Ha,

Jun Ho Kim

**Independent directors**

Dal Sup Shim, Rak Yong Uhm, Hyun Chin  
Lim, Jay Young Chung, Jae Ho Cho

Two new inside directors, Sung Min Ha and Jin Woo So, three independent directors, Rak Yong Uhm, Jay Young Chung and Jae Ho Cho, and two members of the audit committee, Jay Young Chung and Jae Ho Cho, were elected at the 27th Annual General Meeting of Shareholders held on March 11, 2011. At the Extraordinary General Meeting of Shareholders held on August 31, 2011, Jun Ho Kim was elected as an inside director and Jin Woo So resigned from the Board to transfer to an affiliate of the Company.

B. (1) Significant Activities of the Board of Directors

Meeting	Date	Agenda	Approval
322 <sup>th</sup> (the first meeting of 2011)	January 21, 2011	<ul style="list-style-type: none"> <li>- Financial Statements as of and for the year ended December 31, 2010.</li> <li>- Annual Business Report as of and for the year ended December 31, 2010</li> <li>- Report for Internal Accounting Management System</li> <li>- Report for Subsequent Events following 4Q 2010</li> </ul>	<ul style="list-style-type: none"> <li>Approved as proposed</li> <li>Approved as amended</li> </ul>
323 <sup>th</sup> (the second meeting of 2011)	February 10, 2011	<ul style="list-style-type: none"> <li>- Convocation of the 27<sup>th</sup> Annual General Meeting of Shareholders</li> <li>- Cooperation and share swap with KB Financial Group</li> <li>- Result of Internal Accounting Management System Evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Approved as proposed</li> <li>Approved as proposed</li> </ul>
324 <sup>th</sup> (the third meeting of 2011)	March 11, 2011	<ul style="list-style-type: none"> <li>- Election of the Company's CEO</li> <li>- Amendment of committee regulation</li> <li>- Election of committee member</li> <li>- Fund Management Transaction with Affiliated Financial Company (SK Securities)</li> </ul>	<ul style="list-style-type: none"> <li>Approved as proposed</li> <li>Approved as proposed</li> <li>Approved as proposed</li> <li>Approved as proposed</li> </ul>

Meeting	Date	Agenda	Approval
<b>325<sup>th</sup></b> <b>(the fourth meeting of 2011)</b>	March 30, 2011	- Establishment of new entity with respect to a proposed business and acquisition of assets relating thereto	Approved as proposed
<b>326<sup>th</sup></b> <b>(the fifth meeting of 2011)</b>	April 28, 2011	- Additional investment in network equipment in 2011 - Report for Subsequent Events following 1Q 2011	Approved as proposed
<b>327<sup>th</sup></b> <b>(the sixth meeting of 2011)</b>	May 31, 2011	- NATE shopping affiliation agreement for shopping gateway business	Approved as proposed
<b>328<sup>th</sup></b> <b>(the seventh meeting of 2011)</b>	June 23, 2011	- Asset Management Transaction with Affiliated Company (SK Securities)	Approved as proposed
<b>329<sup>th</sup></b> <b>(the eighth meeting of 2011)</b>	July 19, 2011	- Approval of the spin-off plan - Convocation of the Extraordinary General Meeting of Shareholders - Setting of record date for the shareholders meeting - Purchase of treasury shares	Approved as proposed Approved as proposed Approved as proposed Approved as proposed
<b>330<sup>th</sup></b> <b>(the ninth meeting of 2011)</b>	July 28, 2011	- Proposal for interim dividend - Financial results for the first half 2011 - Report for Anti-trust Compliance Program - Report for Subsequent Events following 2Q 2011	Approved as proposed
<b>331<sup>st</sup></b> <b>(the tenth meeting of 2011)</b>	August 16, 2011	- Proposal for additional acquisition of LTE frequencies	Approved as proposed

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Meeting	Date	Agenda	Approval
<b>332nd</b>		- Appointment of members of the Independent Director Nomination Committee	Approved as proposed
<b>(the 11th meeting of 2011)</b>	September 22, 2011	- Asset Management Transaction with Affiliated Company (SK Securities) - Transaction of goods, services and assets with SK Planet - Participation in capital increase of SK Industrial Development China - Participation in capital increase of SK Technology Innovation Center	Approved as proposed Approved as proposed Approved as proposed Approved as proposed
<b>333rd</b>			
<b>(the 12th meeting of 2011)</b>	October 4, 2011	- Notice of a meeting of board of directors in lieu of the shareholders meeting to report the result of the spin-off	Approved as proposed
<b>334th</b>			
<b>(the 13th meeting of 2011)</b>	October 25, 2011	- Payment of the purchase price of the LTE frequencies - Proposal for the issuance of bonds - Report for Subsequent Events following 2Q 2011	Approved as proposed Approved as proposed
<b>335th</b>			
<b>(the 14th meeting of 2011)</b>	November 10, 2011	- Participation in the bidding for the shares of Hynix Semiconductor** - Proposal for a bank loan	Approved as proposed Approved as proposed
<b>336th</b>			
<b>(the 15th meeting of 2011)</b>	November 14, 2011	- Purchase of existing shares of Hynix Semiconductor and participation in the capital increase of Hynix Semiconductor	Approved as proposed

\* The line items that do not show approval are for reporting purpose only.

\*\* Dal Sup Shim abstained and Jay Young Chung voted against the participation in the bidding for the shares of Hynix Semiconductor.

C. Committees within Board of Directors

(1) Committee Structure

a) Compensation Review Committee

(As of November 14, 2011)

Number of Persons	Inside Directors	Members		Task
			Independent Directors	
5			Dal Sup Shim, Rak Yong Uhm, Hyun Chin Lim, Jay Young Chung, Jae Ho Cho	Review CEO remuneration system and amount.

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

b) Capex Review Committee

(As of November 14, 2011)

Number of Persons	Inside Directors	Members		Task
			Independent Directors	
4	Jun Ho Kim		Dal Sup Shim, Rak Yong Uhm,  Jay Young Chung	Review major investment plans and changes thereto.

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

c) Corporate Citizenship Committee

(As of November 14, 2011)

Number of Persons	Inside Directors	Members		Task
			Independent Directors	
4	Jun Ho Kim		Rak Yong Uhm, Hyun Chin Lim,  Jay Young Chung	Review guidelines on Corporate Social Responsibility ( CSR ) programs, etc.

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

d) Independent Director Nomination Committee

(As of November 14, 2011)

Number of Persons	Inside Directors	Members		Task
			Independent Directors	
4	Sung Min Ha, Jun Ho Kim		Rak Yong Uhm, Jae Ho Cho	Nomination of independent directors

\*

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The Independent Director Nomination Committee is a committee established under the provisions of the Articles of Incorporation and Korean Commercial Code.

### e) Audit Committee

(As of November 14, 2011)

<b>Number of Persons</b>	<b>Inside Directors</b>	<b>Members Independent Directors</b>	<b>Task</b>
4		Dal Sup Shim, Hyun Chin Lim, Jay Young Chung, Jae Ho Cho	Review financial statements and supervise independent audit process, etc.

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

## 2. Audit System

The Company's Audit Committee consists of four independent directors, Dal Sup Shim, Hyun Chin Lim, Jae Ho Cho and Jay Young Chung.

Major activities of the Audit Committee are as follows.

Meeting	Date	Agenda	Approval	Remarks
The first meeting of 2011	January 20, 2011	2 <sup>nd</sup> half 2010 Management Audit Results and Management Audit Plan for 2011	Approved as proposed	
		Evaluation of Internal Accounting Controls based on the Opinion of the Members of the Audit Committee	Approved as proposed	
The second meeting of 2011	February 9, 2011	Rental contract for satellite line facilities	Approved as proposed	
		Reports on Internal Accounting Management System		
The third meeting of 2011	February 10, 2011	Comparison of before and after operating customer contact channel and BTS maintenance subsidiary company		
		Reports on 2010 Korean GAAP Audit		
		Report on Review of 2010 Internal Accounting Management System	Approved as proposed	
		Evaluation of Internal Accounting Management System Operation	Approved as proposed	
The fourth meeting of 2011	March 11, 2011	Auditor's Report for Fiscal Year 2010	Approved as proposed	
		Purchase of Mobile Phone Relay Devices for 2011	Approved as proposed	
The fifth meeting of 2011	April 28, 2011	Construction of Network Facilities for 2011	Re-proposed	
		Construction of Mobile Phone Facilities for 2011	Approved as proposed	
The sixth meeting of 2011	June 23, 2011	Construction of Mobile Phone Facilities for 2011	Approved as proposed	
		2011 2Q Transactions with SK C&C Co., Ltd.	Approved as proposed	
The seventh meeting of 2011	July 27, 2011	Asset Management Transaction with Affiliated Company (SK Securities)	Approved as proposed	
		Election of chairman	Approved as proposed	
The eighth meeting of 2011	August 24, 2011	Mobile phone facilities construction for Fiscal Year 2011	Approved as proposed	
		Network facilities construction for Fiscal Year 2011	Approved as proposed	
The ninth meeting of 2011		Audit plan for the Fiscal Year 2011	Approved as proposed	
		Remuneration of outside auditor for the Fiscal Year 2011	Approved as proposed	
The tenth meeting of 2011		Outside auditor service plan for the Fiscal Year 2011	Approved as proposed	
		2011 3Q Transactions with SK C&C Co., Ltd.	Approved as proposed	
The eleventh meeting of 2011		Asset Management Transaction with Affiliated Company (SK Securities)	Approved as proposed	
		Reports on 2011 US GAAP Audit	Approved as proposed	
The twelfth meeting of 2011		Construction of Mobile Phone Facilities for 2011	Approved as proposed	
		Construction of Network Facilities for 2011	Approved as proposed	
The thirteenth meeting of 2011		Financial Results for the First Half 2011	Approved as proposed	
		Reports on IFRS Review of the First Half of 2011	Approved as proposed	
The fourteenth meeting of 2011		Report on Audit Report to the Extraordinary General Meeting of Shareholders	Approved as proposed	
		Report on Accounting Review of Spin-off Balance Sheet	Approved as proposed	
The fifteenth meeting of 2011		Audit Report to the First Extraordinary General Meeting of Shareholders	Approved as proposed	
		Management Audit Results for the First Half of 2011	Approved as proposed	

Meeting	Date	Agenda	Approval	Remarks
The ninth meeting of 2011	September 21, 2011	2011 4Q Transactions with SK C&C Co., Ltd. Asset Management Transaction with Affiliated Company (SK Securities)	Approved as proposed	
The tenth meeting of 2011	October 24, 2011	Advertisement Agency Agreement for Outdoor Advertisement Consolidated Loyalty Marketing Agency Agreement for 2012 Delegation of Fixed-line Services Rental Contract for Telecommunication Facilities	Approved as proposed Approved as proposed Approved as proposed Approved as proposed	

\* The line items that do not show approval are for reporting purpose only.

### 3. Shareholders Exercises of Voting Rights

#### A. Voting System and Exercise of Minority Shareholders Rights

Pursuant to the Articles of Incorporation as shown below, the cumulative voting system was first introduced in the General Meeting of Shareholders in 2003.

Articles of Incorporation	Description
Article 32 (3) (Election of Directors)	Cumulative voting under Article 382-2 of the Korean 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.

Also, neither written or electronic voting system nor minority shareholder rights is applicable.

4. Affiliated Companies

A. Capital Investments between Affiliated Companies

(As of September 30, 2011)

Investing company	Invested companies									
	SK Corporation	SK Innovation	SK Telecom	SK Networks	SKC	SK E&C	SK Shipping	SK E&S	SK Bio farm	SK Securities
SK Corporation		33.4%	23.2%	39.1%	42.5%	40.0%	83.1%	94.1%	100.0%	
SK Innovation										
SK Telecom										
SK Networks										22.7%
SK Chemicals						25.4%				
SKC										
SK C&C	31.8%							5.9%		
SK E&C										
SK E&S										
SK Gas										
SK Shipping										
SK Energy										
SK Global Chemical										
SK Marketing & Company										
SK D&D										
SK Communications										
SK Broadband										
SK Lubricant										
SK Securities										
SK Petrochemical										
TSK Water										
UBcare										
<b>Total affiliated companies</b>	<b>31.8%</b>	<b>33.4%</b>	<b>23.2%</b>	<b>39.1%</b>	<b>42.5%</b>	<b>65.4%</b>	<b>83.1%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>22.7%</b>

Investing company	Invested companies								
	SK Energy	SK Global Chemical	SK Lubricant	DOPCO	SK Mobile Energy	Jeju United FC	Encar network	Natruck	Natruck Friends
SK Corporation									
SK Innovation	100.0%	100.0%	100.0%	41.0%	100.0%	100.0%			
SK Telecom									
SK Networks									
SK Chemicals									
SKC									
SK C&C									
SK E&C									
SK E&S									
SK Gas									
SK Shipping									
SK Energy							87.5%	92.4%	50.0%
SK Global Chemical									
SK Marketing & Company									
SK D&D									
SK Communications									
SK Broadband									
SK Lubricant									
SK Securities									

SK Petrochemical  
TSK Water  
UBcare

<b>Total affiliated companies</b>	100.0%	100.0%	100.0%	41.0%	100.0%	100.0%	87.5%	92.4%	50.0%
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Investing company	Invested companies									
	SK Petrochemical	Green IS	Arochemi Co. Ltd.	Zicos	U base Manufacturing Asia	SK Marketing & Company	M & Service	SK Telink	Commerce Planet	PS & Marketing
SK Corporation										
SK Innovation						50.0%				
SK Telecom						50.0%		83.5%	100.0%	100.0%
SK Networks										
SK Chemicals										
SKC										
SK C&C										
SK E&C										
SK E&S										
SK Gas										
SK Shipping										
SK Energy										
SK Global Chemical	100.0%	78.9%	50.0%							
SK Marketing & Company							100.0%			
SK D&D										
SK Communications										
SK Broadband										
SK Lubricant				100.0%	100.0%					
SK Securities										
SK Petrochemical										
TSK Water										
UBcare										
<b>Total affiliated companies</b>	100.0%	78.9%	50.0%	100.0%	100.0%	100.0%	100.0%	83.5%	100.0%	100.0%

Investing company	Invested companies									
	NTREEV Soft	F&U Credit Inf	Loen Entertainment	Network O&S	Service Ace	Service Top	SK Wyverns	Television Media Korea	Paxnet	SK Broadband
SK Corporation										
SK Innovation										
SK Telecom	63.7%	50.0%	63.5%	100.0%	100.0%	100.0%	100.0%	51.0%	59.7%	50.6%
SK Networks										
SK Chemicals										
SKC										
SK C&C										
SK E&C										
SK E&S										
SK Gas										
SK Shipping										
SK Energy										
SK Global Chemical										
SK Marketing & Company										
SK D&D										
SK Communications										
SK Broadband										
SK Lubricant										
SK Securities										
SK Petrochemical										
TSK Water										
UBcare										

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<b>Total affiliated companies</b>	63.7%	50.0%	63.5%	100.0%	100.0%	100.0%	100.0%	51.0%	59.7%	50.6%
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Investing company	Invested companies									
	SK Communications	Broadband Media	Broadband D&M	Broadband CS	SK I-Media	Service In	SKN Internet	SKN Service	MRO Korea	WS Commerce
SK Corporation										
SK Innovation										
SK Telecom	64.7%									
SK Networks							100.0%	85.0%	51.0%	100.0%
SK Chemicals										
SKC										
SK C&C										
SK E&C										
SK E&S										
SK Gas										
SK Shipping										
SK Energy										
SK Global Chemical										
SK Marketing & Company										
SK D&D										
SK Communications					100.0%	100.0%				
SK Broadband		100.0%	100.0%	100.0%						
SK Lubricant										
SK Securities										
SK Petrochemical										
TSK Water										
UBcare										
<b>Total affiliated companies</b>	<b>64.7%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>85.0%</b>	<b>51.0%</b>	<b>100.0%</b>

Investing company	Invested companies										
	SK Pinx	LC&C	Speed Motor	SKC Air Gas	SKC Solmics Co., Ltd.	SK Telesys	SKW	Sumray Corporation	Incyto	SKC lighting	Daehan City Gas
SK Corporation											
SK Innovation											
SK Telecom											
SK Networks	100.0%	66.7%	100.0%								
SK Chemicals											
SKC				80.0%	48.7%	47.5%	65.0%	100.0%	100.0%	65.0%	
SK C&C											
SK E&C											
SK E&S											51.3%
SK Gas											
SK Shipping											
SK Energy											
SK Global Chemical											
SK Marketing & Company											
SK D&D											
SK Communications											
SK Broadband											
SK Lubricant											
SK Securities											
SK Petrochemical											
TSK Water											
UBcare											
<b>Total affiliated companies</b>	<b>100.0%</b>	<b>66.7%</b>	<b>100.0%</b>	<b>80.0%</b>	<b>48.7%</b>	<b>47.5%</b>	<b>65.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>65.0%</b>	<b>51.3%</b>



Investing company	Invested companies									
	Busan City Gas	Jeonnam City Gas	Gangwon City Gas	JBES	CCES	YN Energy	Chungnam City Gas	PyongTaek Energy Service	Gimcheon Energy	PMP
SK Corporation										
SK Innovation										
SK Telecom										
SK Networks										
SK Chemicals										
SKC										
SK C&C										
SK E&C										50.0%
SK E&S	40.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	50.0%	50.0%
SK Gas										
SK Shipping										
SK Energy										
SK Global Chemical										
SK Marketing & Company										
SK D&D										
SK Communications										
SK Broadband										
SK Lubricant										
SK Securities										
SK Petrochemical										
TSK Water										
UBcare										
<b>Total affiliated companies</b>	<b>40.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>50.0%</b>	<b>100.0%</b>

Investing company	Invested companies									
	SK Forest	Daejeon Pure Water	Gwangju Pure Water	SK D&D	Real Vest	SK Gas	SK Sci-tech	UB Care	SK Seentec	Korea Sleep Network
SK Corporation										
SK Innovation										
SK Telecom										
SK Networks										
SK Chemicals						45.5%	50.0%	44.0%	100.0%	100.0%
SKC										
SK C&C										
SK E&C	100.0%	32.0%	42.0%	45.0%	100.0%					
SK E&S										
SK Gas										
SK Marketing & Company										
SK Shipping										
SK Energy										
SK Global Chemical										
SK D&D										
SK Communications										
SK Broadband										
SK Lubricant										
SK Securities										
SK Petrochemical										
TSK Water										
UBcare										

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<b>Total affiliated companies</b>	100.0%	32.0%	42.0%	45.0%	100.0%	45.5%	50.0%	44.0%	100.0%	100.0%
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Investing company	Invested companies							
	Namwon Sarang Electric Power	MKS Guarantee	Green Biro	Pana Blu Co., Ltd.	Independence	Infosec	Ever Health Care	SKSM
SK Corporation								
SK Innovation								
SK Telecom								
SK Networks								
SK Chemicals								
SKC								
SK C&C					100.0%	100.0%		
SK E&C								
SK E&S								
SK Gas			100.0%	80.4%				
SK Marketing & Company								
SK Shipping								100.0%
SK Energy								
SK Global Chemical								
SK D&D	100.0%	100.0%						
SK Communications								
SK Broadband								
SK Lubricant								
SK Securities								
SK Petrochemical								
TSK Water								
UBcare							100.0%	
<b>Total affiliated companies</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>80.4%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## VII. SHAREHOLDERS INFORMATION

### 1. Shareholdings of the Largest Shareholder and Related Persons

#### A. Shareholdings of the Largest Shareholder and Related Persons

(As of September 30, 2011)

Name	Relationship	Type of share	(Unit: Shares, %)			
			Number of shares owned and ownership ratio		Number of shares owned and ownership ratio	
			Beginning of Period	End of Period	Beginning of Period	End of Period
			Number of shares	Ownership ratio	Number of shares	Ownership ratio
<b>SK Corporation</b>	Largest Shareholder	Common share	18,748,452	23.22	18,748,452	23.22
<b>Tae Won Chey</b>	Officer of affiliated company	Common share	100	0.00	100	0.00
<b>Shin Won Chey</b>	Officer of affiliated company	Common share	500	0.00	2,000	0.00
<b>Shin Bae Kim</b>	Officer of affiliated company	Common share	1,270	0.00	0	0.00
<b>Man Won Jung</b>	Officer of affiliated company	Common share	5,600	0.01	0	0.01
<b>Sung Min Ha</b>	Officer of affiliated company	Common share	738	0.00	738	0.00
<b>Dal Sup Shim</b>	Officer of affiliated company	Common share	500	0.00	0	0.00
<b>Bang Hyung Lee</b>	Officer of affiliated company	Common share	200	0.00	200	0.00

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<b>Total</b>	Common share	18,757,360	23.23	18,751,490	23.22
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B. Overview of the Largest Shareholder

SK Corporation is a holding company and as of September 30, 2011, has eight subsidiaries: SK Innovation Co., Ltd., SK Telecom Co., Ltd., SK Networks Co., Ltd., SKC Co., Ltd., SK Shipping Co., Ltd., SK E&C Co., Ltd., SK E&S Co., Ltd. and SK Biofarm Co., Ltd. SK Biofarm Co., Ltd. spun off from SK Corporation on April 1, 2011.

Details of SK Corporation's subsidiaries are as follows:

Affiliates	Share Holdings	Book Value (million Won)	Industry	Description
SK Innovation Co., Ltd.	33.4%	3,944,657	Energy and Petrochemical	Publicly Listed
SK Telecom Co., Ltd.	23.2%	2,847,985	Telecommunication	Publicly Listed
SK Networks Co., Ltd.	39.1%	1,165,759	Trading, Energy Sale	Publicly Listed
SKC Co., Ltd.	42.5%	254,632	Synthetic Resin Manufacturing	Publicly Listed
SK E&C Co., Ltd.	40.0%	405,130	Construction	Privately Held
SK Shipping Co., Ltd.	83.1%	607,643	Ocean Freight	Privately Held
SK E&S Co., Ltd.	94.1%	1,026,307	Gas Company Holdings and Power Generation	Privately Held
SK Biofarm Co., Ltd.	100.00%	228,743	Biotechnology	Privately Held

\* The above share holdings are based on common stock holdings as of September 30, 2011.

SK Corporation is a publicly listed company and is required to submit a report of its significant business activities in accordance with Article 161 of the Financial Investment Services and Capital Markets Act. Also as a holding company, SK Corporation is required to report key management activities of its subsidiaries in accordance with Article 8 of KOSPI Market Disclosure Regulation.

The rule is applicable to subsidiaries whose book value of the holding company's shareholding exceeds 10% of its total assets based on the financial statements as of December 31, 2010. SK Innovation Co., Ltd., SK Telecom Co., Ltd. and SK Networks Co., Ltd. are three such subsidiaries.

SK E&S Co., Ltd. acquired K-Power Co., Ltd. SK E&S that is engaged in distribution of gas and energy business plans to create synergy by merging with K-Power that is engaged in power generation and plans to seek new growth opportunities in overseas gas business and power generation.

2. Changes in shareholdings of the Largest Shareholder

Changes in shareholdings of the largest shareholder are as follows.

(Unit: Shares, %)

Largest Shareholder	Date of the change in the largest shareholder/ Date of change in shareholding	Shares Held	Holding Ratio	Remarks
SK Corporation				Purchased 1,085,325 shares from SK Networks
	March 7, 2008	18,751,260	23.09	on March 7, 2008 At the 25 <sup>th</sup> General Meeting of Shareholders, elected the CEO, Man Won Jung (who owned 100 shares of
	March 13, 2009	18,751,360	23.22	the Company stock)
	December 30, 2009	18,755,260	23.23	Man Won Jung, the CEO, purchased 3,900 shares.
	May 26, 2010	18,756,760	23.23	Man Won Jung, the CEO, purchased 1,500 shares

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July 20, 2010	18,756,860	23.23	Man Won Jung, the CEO, purchased 100 shares
September 17, 2010	18,757,360	23.23	Dal Sup Shim, an Independent Director, purchased 500 shares Man Won Jung, SK Telecom's CEO, resigned
March 11, 2011	18,750,490	23.22	Shin Bae Kim, SK C&C's CEO, resigned
April. 5, 2011	18,749,990	23.22	Dal Sup Shim, an Independent Director, disposed 500 shares
July 8, 2011	18,749,990	23.22	Shin Won Chey, SK C&C's Chairman, purchased 500 shares
August 5, 2011	18,750,490	23.22	Shin Won Chey, SK C&C's Chairman, purchased 500 shares
August 23, 2011	18,750,990	23.22	Shin Won Chey, SK C&C's Chairman, purchased 500 shares

\* Shares held are the sum of shares held by SK Corporation and its related parties.

**3. Distribution of Shares**

## A. Shareholders with ownership of 5% or more and others

(As of June 30, 2011)

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	30.12			24,321,893	30.12
2	SK Corporation	18,748,452	23.22			18,748,452	23.22
3	SK Telecom	9,650,712	11.95			9,650,712	11.95
Shareholdings under the Employee Stock Ownership Program *		310,031	0.40			310,031	0.40

\* As of September 30, 2011

## B. Shareholder Distribution

(As of June 30, 2011)

Classification	Number of shareholders	Ratio (%)	Number of shares	Ratio (%)	Remarks
<b>Total minority shareholders</b>	27,620	99.97%	23,615,862	29.24%	
<b>Total</b>	27,626	100%	80,745,711	100%	

**4. Share Price and Trading Volume in the Last Six Months**

## A. Domestic Securities Market

Types		September 2011	August 2011	July 2011	June 2011	May 2011	April 2011
<b>Common stock</b>	<b>Highest</b>	159,500	155,000	161,500	161,000	169,000	167,500
	<b>Lowest</b>	145,500	131,000	140,500	126,500	158,000	156,500
<b>Monthly transaction volume</b>		5,296,111	7,629,297	7,487,737	3,296,999	3,967,936	2,644,056

## B. Foreign Securities Market

New York Stock Exchange

Types		September 2011	August 2011	July 2011	June 2011	May 2011	April 2011
<b>Depository Receipt</b>	<b>Highest</b>	16.01	16.36	18.83	18.76	20.29	19.10
	<b>Lowest</b>	13.35	13.67	15.21	17.45	16.76	17.20
<b>Monthly transaction volume</b>		31,273,856	45,328,712	58,978,296	36,333,232	46,330,984	20,685,006

**VIII. EMPLOYEES**

(As of September 30, 2011)

Classification	Number of employees				Average service year	(Unit: persons, in millions of Won)		Remarks
	Regular employees	Contract employees	Others	Total		Aggregate wage for the nine months ended September 30, 2011	Average wage per person	
<b>Male</b>	3,838	49		3,887	12.2	207,408	51	
<b>Female</b>	628	78		706	9.6	28,411	35	
<b>Total</b>	4,466	127		4,593	11.8	235,819	48	

**IX. TRANSACTIONS WITH PARTIES WITH INTERESTS****1. Loans to the Largest Shareholder and Related Persons**

(As of September 30, 2011)

(Unit: in millions of Won)

Name (Corporate name)	Relationship	Account category	Beginning	Change details		Ending	Accrued interest	Remarks
				Increase	Decrease			
SK Wyverns	Affiliated company	Long-term and short-term loans	2,407			2,407		

**2. Transfer of Assets to/from the Largest Shareholder and Other Transactions**

## A. Investment and Disposition of Investment

None.

## B. Transfer of Assets

(Units: in millions of Won)

Name (Corporate Name)	Relationship	Transferred Objects	Purpose of Transfer	Details		Amount Transferred to Largest Shareholder	Amount Transferred to Largest Shareholder	Remarks
				Date of Transfer	From Largest Shareholder			
Encar Network Co., Ltd.	Affiliated Company	Used car sale	Sale of assets not in use	April 29, 2011			158	
SK Networks Co., Ltd	Affiliated Company	Sale of assets not in use	Sale of assets not in use	July 29, 2011			267	
SK Telesys Co.,Ltd.	Affiliated Company	OA equipment sale	Sale of assets not in use	July 29, 2011			206	
Total							631	

**3. Transactions with Parties with Interests (excluding the Largest Shareholder and Related Persons)**

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

(Unit: in millions of Won)

Name (Corporate name)	Relationship	Account category	Beginning	Change details		Ending	Accrued interest	Remarks
				Increase	Decrease			
Midus and others	Agency	Long-term and short-term loans	77,985	223,539	183,019	118,505		

Name (Corporate name)	Relationship	Account category	Beginning	Change details		(Unit: in millions of Won)		Remarks
				Increase	Decrease	Ending	Accrued interest	
Daehan Kanggun BcN Co., Ltd.	Investee	Long-term loans	30,224	614	17,592	13,246		

## X. OTHER INFORMATION RELATING TO THE PROTECTION OF INVESTORS

### 1. Developments in the Items Mentioned in Prior Reports on Important Business Matters

#### A. Status and Progress of Major Management Events

Date of Disclosure	Title	Report	Reports status
October 26, 2001	Resolution on trust agreement for the acquisition of treasury shares and others	<ol style="list-style-type: none"> <li>Signatories: Shinhan Bank, Hana Bank, Chohung Bank, Korea Exchange Bank</li> <li>Contract amount: Won 1,300 billion</li> <li>Purpose: to increase shareholder value</li> </ol>	<ol style="list-style-type: none"> <li>On December 24, 2003, cash surplus amount from the existing trust agreement was partially reduced (Won 318 billion).</li> <li>On September 24, 2004, the Board of Directors extended the term of the specified monetary trust agreement for 3 years.</li> <li>On October 16, 2007, the Board of Directors extended the term of the specified monetary trust agreement for 3 years.</li> <li>On October 26 and October 29, 2010, all trust agreements for the acquisition of treasury shares terminated (aggregate amount: Won 982 billion).</li> </ol>

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### B. Summary Minutes of the General Meeting of Shareholders

Date	Agenda	Resolution
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 <ul style="list-style-type: none"> <li>- Election of inside directors</li> <li>- Election of independent directors as Audit Committee members</li> </ul>	Approved (Jung Nam Cho, Sung Min Ha) Approved (Dal Sup Shim)
24 <sup>th</sup> Fiscal Year Meeting of Shareholders (March 14, 2008)	1. Approval of the Financial Statements for the year ended December 31, 2007	Approved (Cash dividend, Won 8,400 per share)
	2. Amendment to Articles of Incorporation	Approved
	3. Approval of Remuneration Limit for Directors	Approved (Won 12 billion)
	4. Election of Directors <ul style="list-style-type: none"> <li>- Election of inside directors</li> <li>- Election of independent directors</li> <li>- Election of independent directors as Audit Committee member</li> </ul>	Approved (Shin Bae Kim, Young Ho Park) Approved (Rak Yong Uhm, Jay Young Chung) Approved (Jae Ho Cho)
25 <sup>th</sup> Fiscal Year Meeting of Shareholders (March 13, 2009)	1. Approval of the financial statements for the year ended December 31, 2008	Approved (Cash dividend, Won 8,400 per share)
	2. Approval of Remuneration Limit for Directors Amendment to Company Regulation on Executive	Approved (Won 12 billion) Approved
	3. Compensation	
	4. Election of Directors <ul style="list-style-type: none"> <li>- Election of inside directors</li> <li>- Election of independent directors</li> <li>- Election of independent directors as Audit Committee member</li> </ul>	Approved (Jae Won Chey, Man Won Jung) Approved (Hyun Chin Lim) Approved (Hyun Chin Lim)
26 <sup>th</sup> Fiscal Year Meeting of Shareholders (March 12, 2010)	1. Approval of the financial statements for the year ended December 31, 2009	Approved (Cash dividend, Won 8,400 per share)
	2. Amendment to Articles of Incorporation	Approved
	3. Approval of Remuneration Limit for Directors	Approved (Won 12 billion)
	4. Election of Directors <ul style="list-style-type: none"> <li>- Election of inside directors</li> <li>- Election of independent directors</li> <li>- Election of independent directors as Audit Committee member</li> </ul>	Approved (Ki Haeng Cho) Approved (Dal Sup Shim) Approved (Dal Sup Shim, Jay Young Chung)
27 <sup>th</sup> Fiscal Year Meeting of Shareholders (March 11, 2011)	1. Approval of the financial statements for the year ended December 31, 2010	Approved (Cash dividend, Won 8,400 per share)
	2. Approval of Remuneration Limit for Directors	Approved
	3. Amendment to Company Regulation on Executive Compensation	Approved (Won 12 billion)
	4. Election of Directors <ul style="list-style-type: none"> <li>- Election of inside directors</li> <li>- Election of independent directors</li> </ul>	Approved (Sung Min Ha, Jin Woo So) Approved (Rak Young Uhm, Jay Young Chung, Jae Ho Cho)

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- Election of independent directors as Audit Committee member      Approved (Jay Young Chung, Jae Ho Cho)

1<sup>st</sup> Extraordinary Meeting of Shareholders (August 31, 2011)

1. Approval of the Spin-off Plan
2. Election of Directors

Approved (Spin-off of SK Planet)

Approved (Jun Ho Kim)

**2. Contingent Liabilities****[SK Telecom]****A. Material Legal Proceedings****(1) Claim for Copyright License Fees regarding Coloring Services**

On May 7, 2010, Korea Music Copyright Association ( KOMCA ) filed a lawsuit with the court demanding that the Company pay KOMCA license fees for the Company's Coloring services. The court rendered a judgment on February 18, 2011 against the Company ordering the Company to pay Won 570 million to KOMCA. The Company appealed the judgment to the appellate court on February 28, 2011. The Company plans to vigorously defend itself in the appellate court by emphasizing the character of service fees for Coloring services and the abuse of copyright by monopolistic or oligopolistic businesses. While the Company does not expect immediate impact on its business and financial condition from the litigation because the judgment amount is Won 570 million and the final outcome of the litigation has not been decided, the Company may be required to pay on-going license fees in the future if it loses in the final judgment.

\* Actual impact on the Company's business and financial condition from the litigation may be different from the Company's expectation stated above.

**B. Other Matters**

The Company has no other blank bills, mortgage bills, assumption of debt agreement or other contingent liabilities.

**[SK Broadband]****A. Material Legal Proceedings****(1) SK Broadband as the Plaintiff**

Description of Proceedings	Date of Commencement of Proceedings	Amount of Claim	(Unit: thousand won)
			Status
Claim for Cancellation of Korea Fair Trade Commission's Penalty Reassessment	September 2009	1,810,000	On appeal
Claim relating to Gangnamgu District Office Cable-Burying Project	March 2010	345,271	On appeal
Administrative Proceeding relating to Gangnamgu District Office	April 2010	703,440	Pending before Administrative Court
Damages Claim relating to Hyundai Construction	December 2010	561,283	Pending before District Court
Claim for Sales Price by Sambo Motors	April 2011	321,200	Pending before District Court
Damages Claim against Asan Construction Company	April 2011	454,268	Pending before District Court
Other claims and proceedings		575,148	
<b>Total</b>		<b>4,770,610</b>	

## (2) SK Broadband as the Defendant

(Unit: thousand won)

Description of Proceedings	Date of Commencement of Proceedings	Amount of Claim	Status
Claim for Return of Unfair Benefit from One Call	October 2010	670,787	Pending before District Court
Damages Claim from Jin Man Cho and One Other	January 2011	200,000	Pending before District Court
Claim for Commission by i-Media Valley and Five Other Companies	July 2010	100,000	On appeal
Claim for Commission by Vialty and Four Other Companies	November 2010	125,000	Pending before District Court
Other claims and proceedings		47,815	
Total		1,143,602	

## (3) Broadband Media as the Defendant

Description of Proceedings	Date of Commencement of Proceedings	Amount of Claim	Status
Claim for Commission by i-Media Valley and Five Other Companies	July 2010	75,000	On appeal
Total		75,000	

**[SK Communications]**

## A. Material Legal Proceedings

As of September 30, 2011, 24 cases were pending and the aggregate amount of claim was Won 1,527 million. While the management cannot forecast the outcome of the pending cases, it does not expect material adverse impact on SK Communications' financial condition from the litigation.

**3. Status of sanctions, etc.****[SK Telecom]**

Due to the Company's ineffective measures taken with respect to phone numbers that are used for sending illegal unsolicited bulk messages, the Korea Communications Commission, on April 8, 2009, ordered the Company to improve its work procedures.

On September 2, 2009, the Korea Communications Commission ordered the Company to improve its work procedures in a case relating to the obstruction of subscribers' utilization of wireless Internet services. The Company completed the improvement of the procedures in consultation with the Korea Communications Commission by December 2009.

On October 13, 2009, the Korea Communications Commission imposed on the Company a fine of Won 140 million and a newspaper notice order in a case relating to the subscription for mobile telephone services using national identification numbers of the deceased and the Company's failure to verify the required documents. The Company implemented the improved work procedures to strengthen identification process at the time of subscription for mobile telephone services in January 2010.

On June 10, 2010, the Korea Communications Commission imposed on the Company a fine of Won 2 billion and issued a correction order for hurting subscribers' interests relating to USIM uses. The Company paid the fine and completed the improvement of the procedures in consultation with the Korea Communications Commission by September 2010.

On September 24, 2010, the Korea Communications Commission imposed on the Company a fine of Won 12.9 billion and issued a correction order for providing discriminatory subsidy to subscribers. The Company paid the fine and completed the improvement of the procedures in consultation with the Korea Communications Commission by January 2011.

On December 2, 2010, the Korea Communications Commission imposed on the Company a fine of Won 6.2 billion and issued a correction order in a case relating to the obstruction of subscribers' utilization of wireless Internet services. The Company paid the fine and completed the improvement of the procedures in consultation with the Korea Communications Commission by March 2011.

On September 19, 2011, the Korea Communications Commission imposed on the Company a fine of Won 6.86 billion and issued a correction order for providing discriminatory subsidy to subscribers. The Company paid the fine and expects to complete the improvement of the procedures in consultation with the Korea Communications Commission by January 2012.

In addition, on January 21, 2009, the Company was sanctioned for unfair business practices with a fine of Won 1,268 million by the Fair Trade Commission of Korea along with a correctional order of its policy of restricting certain rate plan subscribers from using third party portal contents. The Company has paid the fine and has taken efforts to educate applicable divisions of the issue and to improve the level of the voluntary compliance program to comply with fair trade laws to prevent a repeat of the same violation.

On April 8, 2010, the Company received a correctional order from the Fair Trade Commission of Korea for a violation of the Act on Fair Labeling and Advertising relating to 11<sup>th</sup> Street (the Company's online shopping mall). In response thereto, the Company has been taking efforts to prevent a repetitive violation including thorough pre-review of the advertisement and marketing activities of 11<sup>th</sup> Street and appropriate education for relevant employees.

On February 28, 2011, the Company received a correctional order from the Fair Trade Commission of Korea for violation of Article 19 of the Korean Monopoly Regulation and Fair Trade Act, or the Fair Trade Act, and was imposed a fine of Won 1,964 million with respect to providing Non-DRM on-line music content services. The Company filed a suit disputing the order of the Fair Trade Commission and the suit is currently pending.

On April 22, 2011, the Company received a correctional order from the Fair Trade Commission of Korea for violation of Article 21 of the Electronic Commerce Act and was imposed a fine of Won 5 million. The Company paid the fine and filed a suit disputing the order of the Fair Trade Commission. The suit is currently pending.

On November 11, 2011, the Company received a correctional order from the Fair Trade Commission of Korea for violation of Article 23 of the Fair Trade Act relating to the transfer of patented technology necessary for the supply of relay facilities. The Company has corrected the procedures before receiving the correctional order.

[SK Broadband]

On July 22, 2009, SK Broadband received a warning from the Financial Supervisory Service of Korea with respect to its omission to state a material fact that could affect investors' investment decision when it responded to the Korea Exchange's request for disclosure regarding SK Telecom's acquisition of SK Broadband shares from AIG-Newbridge-TVG consortium, then-largest shareholder of SK Broadband.

On January 5, 2009, SK Broadband received a correctional order from the Fair Trade Commission of Korea for unfair business practices relating to marketing networks. SK Broadband has taken efforts to educate the relevant personnel and implement reports to the Fair Trade Commission to prevent a repeat of the same violation.

[SK Communications]

On July 31, 2008, SK Communications was imposed a fine of Won 125 million by the Fair Trade Commission of Korea in connection with the preparation for the Fair Trade Commission's field inspection. SK Communications has paid the fine and has taken efforts to prevent a repeat of the same violation, including education of the relevant personnel.

[Loen Entertainment]

On February 28, 2011, Loen Entertainment Inc. received a correctional order from the Fair Trade Commission of Korea for violation of Article 19 of the Fair Trade Act and was imposed a fine of Won 10,381 million with respect to providing Non-DRM on-line music content services. Loen Entertainment filed a suit disputing the order of the Fair Trade Commission and the suit is currently pending.

4. Important Matters That Occurred After September 30, 2011

[SK Telecom]

(1) Spin-off

In accordance with the resolution of the Company's board of directors on July 19, 2011 and the resolution of the shareholders' meeting on August 31, 2011, the Company spun off its platform business and established SK Planet Co., Ltd. effective as of October 1, 2011. The registration of the spin-off was completed on October 5, 2011. Set forth below are important details of the spin-off.

Description	Detail
Method of Spin-off	Simple vertical spin-off
Resulting Companies	SK Telecom Co., Ltd. (Surviving Company) SK Planet Co., Ltd. (Spin-off Company)
Effective Date	October 1, 2011

Set forth below is summary of financial position before and after the spin-off. (in millions of Won)

Description	Before spin-off (As of September 30, 2011)		After spin-off (As of October 1, 2011)	
	SK Telecom Co., Ltd.		SK Telecom Co., Ltd.	SK Planet Co., Ltd.
Total Assets	19,400,114		19,084,651	1,545,537
Total Liabilities	7,673,828		7,358,365	315,463
Total Shareholders Equity	11,726,286		11,726,286	1,230,074

(2) Acquisition of Shares of Hynix Semiconductor

In accordance with the resolution of the Company's board of directors on November 14, 2011, the Company decided to purchase 146,100,000 shares of Hynix Semiconductor Inc. (estimated aggregate purchase price of Won 3,426,675 million) on February 14, 2012 in order to acquire the control of Hynix Semiconductor. All shares (including existing shares and newly-issues shares) will be purchased with cash, and the Company will have a 21.05% equity interest in Hynix Semiconductor after the purchase.

[SK Communications]

On October 5, 2011, SK Planet Co., Ltd., which has spun off from SK Telecom, acquired 28,029,945 shares (64.6%) of SK Communications common stock from SK Telecom in connection with the spin-off. As of September 30, 2011, SK Planet Co., Ltd. is the largest shareholder of SK Communications.

On October 17, 2011, SK i-media Co., Ltd. changed its name to NBJ Games Co., Ltd. In accordance with the resolution of the board of directors of SK Communications, SK Communications sold all of the shares of SK i-media Co., Ltd. to LK Mediatech Co., Ltd on October 20, 2011. Accordingly, NBJ Games Co., Ltd. was excluded from the affiliates of SK.

*SK TELECOM CO., LTD. AND SUBSIDIARIES*

*CONSOLIDATED FINANCIAL STATEMENTS*

*FOR THE THREE MONTHS AND NINE MONTHS*

*ENDED SEPTEMBER 30, 2011*

*AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT*

**Deloitte Anjin LLC**  
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## **Independent Accountants Review Report**

English Translation of a Report Originally Issued in Korean

To the Shareholders and Board of Directors of

SK Telecom Co., Ltd.

### **Report on the consolidated financial statements**

We have reviewed the accompanying consolidated financial statements of SK Telecom Co., Ltd. and subsidiaries (the Company). The financial statements consist of the consolidated statements of financial position as of September 30, 2011 and December 31, 2010, and the related consolidated statements of income, comprehensive income for the three months and nine months ended September 30, 2011 and changes in shareholders' equity and cash flows for the nine months ended September 30, 2011, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the consolidated financial statements**

The Company's management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Independent accountants' responsibility**

Our responsibility is to express a conclusion on the accompanying consolidated 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. 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.

### **Review conclusion**

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements of the Company are not presented fairly, in all material respects, in accordance with Korean International Financial Reporting Standards (K-IFRS) 1034 Interim Financial Reporting, and the requirements of K-IFRS 1101, First-time Adoption of Korean International Financial Reporting Standards, relevant to interim financial reporting.

### **Other matter**

The consolidated statements of income and comprehensive income for the three months and nine months ended September 30, 2010 and changes in shareholders' equity and cash flows for the nine months ended September 30, 2010, comparatively presented herein, were not reviewed.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited

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Touche Tohmatsu Limited and its member firms.

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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. Such U.S. dollar amounts are presented solely for the convenience of readers of financial statements.

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, changes in shareholders' equity 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 consolidated financial statements are for use by those knowledgeable about Korean accounting procedures and review standards and their application in practice.

November 24, 2011

Notice to Readers

This report is effective as of November 24, 2011, the independent accountants' review report date. Certain subsequent events or circumstances may have occurred between the independent accountants' review report date and the time the independent accountants' review report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modification to the independent accountants' review report.

## SK TELECOM CO., LTD.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2011 AND DECEMBER 31, 2010

ASSETS	Notes	Korean won		Translation into U.S. dollars (Note 2)	
		September 30, 2011 (In millions)	December 31, 2010 (In millions)	September 30, 2011 (In thousands)	December 31, 2010 (In thousands)
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	4,29	(Won) 1,728,505	(Won) 659,405	\$ 1,463,718	\$ 558,392
Short-term financial instruments	4,25	960,238	567,152	813,141	480,271
Short-term investment securities	4,7	90,669	400,531	76,780	339,174
Accounts receivable - trade	4,5,24	1,940,186	1,949,397	1,642,972	1,650,772
Short-term loans	4,5,24	99,643	94,924	84,379	80,383
Accounts receivable - other	4,5,24	1,343,877	2,531,847	1,138,011	2,143,998
Prepaid expenses		118,871	182,091	100,661	154,197
Derivative assets	4,26	82,358		69,742	
Inventories	6,25	176,430	149,223	149,403	126,364
Advanced payments and other	4,5,7	243,893	119,422	206,532	101,128
Assets held for sale	29	3,915		3,315	
<b>Total Current Assets</b>		<b>6,788,585</b>	<b>6,653,992</b>	<b>5,748,654</b>	<b>5,634,679</b>
<b>NON-CURRENT ASSETS:</b>					
Long-term financial instruments	4	7,764	117	6,575	99
Long-term investment securities	4,7	1,560,133	1,680,582	1,321,139	1,423,137
Investments in associates	8	1,246,510	1,204,692	1,055,559	1,020,147
Property and equipment	9,24,25	8,208,949	8,153,413	6,951,434	6,904,406
Investment property	10	272,070	197,307	230,392	167,082
Goodwill	11	1,755,040	1,736,649	1,486,189	1,470,615
Intangible assets	12	1,998,051	1,884,956	1,691,973	1,596,203
Long-term loans	4,5,24	91,862	84,323	77,790	71,406
Long-term accounts receivable - other	4,5	8,322	527,106	7,047	446,360
Long-term prepaid expenses	25	575,459	411,509	487,305	348,471
Guarantee deposits	4,5,24	237,310	250,333	200,957	211,985
Long-term derivative assets	4,26	145,821	203,382	123,483	172,226
Deferred income tax assets		219,378	106,860	185,772	90,490
Other	4,5	27,658	37,168	23,421	31,473
<b>Total Non-current Assets</b>		<b>16,354,327</b>	<b>16,478,397</b>	<b>13,849,036</b>	<b>13,954,100</b>
<b>TOTAL ASSETS</b>		<b>(Won) 23,142,912</b>	<b>(Won) 23,132,389</b>	<b>\$ 19,597,690</b>	<b>\$ 19,588,779</b>

(Continued)

## SK TELECOM CO., LTD.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

SEPTEMBER 30, 2011 AND DECEMBER 31, 2010

LIABILITIES AND STOCKHOLDERS EQUITY	Notes	Korean won		Translation into U.S. dollars (Note 2)	
		September 30, 2011	December 31, 2010	September 30, 2011	December 31, 2010
		(In millions)		(In thousands)	
<b>CURRENT LIABILITIES:</b>					
Short-term borrowings	4,13,25	(Won) 1,175,751	(Won) 523,710	\$ 995,640	\$ 443,484
Accounts payable - trade	4,24	201,567	195,777	170,689	165,786
Accounts payable - other	4,24	1,094,878	1,434,329	927,156	1,214,607
Withholdings	4	587,446	408,261	497,456	345,720
Accrued expenses	4	657,384	677,480	556,680	573,698
Income tax payable		216,557	259,871	183,383	220,062
Unearned revenue		293,971	311,365	248,938	263,668
Derivative liabilities	4,26	2,465	15,393	2,087	13,035
Provisions	14	646,757	652,889	547,681	552,874
Current portion of long-term debt, net	4,13	1,641,525	1,601,229	1,390,063	1,355,939
Advanced receipts and other		144,888	121,866	122,694	103,197
Liabilities directly associated with assets held for sale	29	2,093		1,772	
Total Current Liabilities		6,665,282	6,202,170	5,644,239	5,252,070
<b>NON-CURRENT LIABILITIES:</b>					
Bonds payable, net	4,13	2,738,291	3,658,546	2,318,817	3,098,100
Long-term borrowings	4,13,25	337,584	235,968	285,870	199,820
Long-term payables - other	4	235,721	54,783	199,611	46,391
Long-term unearned revenue		225,585	241,892	191,028	204,837
Finance lease liabilities	4	43,541	60,075	36,871	50,872
Retirement benefit obligation	15	103,749	67,870	87,856	57,473
Long-term derivative liabilities	4,26		14,761		12,500
Long-term provisions	14	148,093	112,227	125,407	95,035
Long-term advanced receipts and other	4,24	71,209	76,098	60,301	64,441
Total Non-current Liabilities		3,903,773	4,522,220	3,305,761	3,829,469
Total Liabilities		10,569,055	10,724,390	8,950,000	9,081,539
<b>STOCKHOLDERS EQUITY:</b>					
Share capital	1,16	44,639	44,639	37,801	37,801
Share premium	16,17	(281,097)	(78,953)	(238,036)	(66,858)
Retained earnings	18	11,442,251	10,721,249	9,689,433	9,078,880
Reserves	19	284,553	643,056	240,963	544,547
Non-controlling interests		1,083,511	1,078,008	917,529	912,870
Total Stockholders Equity		12,573,857	12,407,999	10,647,690	10,507,240

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TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	(Won) 23,142,912	(Won) 23,132,389	\$ 19,597,690	\$ 19,588,779
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See accompanying notes to consolidated financial statements.

## SK TELECOM CO., LTD.

## CONSOLIDATED STATEMENTS OF INCOME

## FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010

	Notes	Korean won				Translation into U.S. dollars (Note 2)			
		2011		2010		2011		2010	
		Three months ended September 30	Nine months ended September 30 (In millions except for per share data)	Three months ended September 30	Nine months ended September 30	Three months ended September 30 (In thousands except for per share data)	Nine months ended September 30 (In thousands except for per share data)	Three months ended September 30 (In thousands except for per share data)	Nine months ended September 30 (In thousands except for per share data)
<b>OPERATING REVENUE:</b>									
Revenue	23,24	(Won) 4,018,905	(Won) 11,948,764	(Won) 3,978,940	(Won) 11,549,872	\$ 3,403,256	\$ 10,118,354	\$ 3,369,413	\$ 9,780,567
Other	20	46,233	65,851	9,025	26,124	39,151	55,763	7,643	22,122
Sub-total		4,065,138	12,014,615	3,987,965	11,575,996	3,442,407	10,174,117	3,377,056	9,802,689
<b>OPERATING EXPENSES:</b>									
Labor cost	15	294,097	859,589	288,438	781,977	249,045	727,910	244,253	662,187
Commissions paid		1,411,636	4,196,800	1,379,320	4,237,474	1,195,390	3,553,900	1,168,024	3,588,343
Depreciation and amortization	9,10,12	617,812	1,784,198	525,457	1,607,831	523,170	1,510,880	444,963	1,361,530
Network interconnection		322,345	964,589	375,713	1,051,007	272,966	816,825	318,158	890,005
Leased line		127,744	352,060	103,820	310,728	108,175	298,129	87,916	263,128
Advertising		117,071	257,623	84,620	240,588	99,137	218,158	71,658	203,733
Rent		98,265	290,919	92,196	267,379	83,212	246,354	78,073	226,420
Cost of goods sold		244,720	648,244	168,658	438,314	207,232	548,941	142,822	371,169
Other	20	302,242	855,080	326,520	873,320	255,942	724,091	276,500	739,538
Sub-total	24	3,535,932	10,209,102	3,344,742	9,808,618	2,994,269	8,645,188	2,832,367	8,306,053
OPERATING INCOME	23	529,206	1,805,513	643,223	1,767,378	448,138	1,528,929	544,689	1,496,636
Financial income	21	73,783	388,509	103,352	270,294	62,480	328,994	87,520	228,888
Financial costs	21	100,357	251,400	110,771	346,507	84,984	212,889	93,802	293,425
Equity in earnings of affiliates	8	17,452	29,137	9,691	24,392	14,779	24,674	8,206	20,655
Equity in losses of affiliates	8	18,835	51,229	14,100	23,820	15,950	43,381	11,940	20,171

(Continued)

## SK TELECOM CO., LTD.

## CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)

## FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010

	Notes	Korean won				Translation into U.S. dollars (Note 2)			
		2011		2010		2011		2010	
		Three months ended September 30	Nine months ended September 30 (In millions except for per share data)	Three months ended September 30	Nine months ended September 30	Three months ended September 30	Nine months ended September 30 (In thousands except for per share data)	Three months ended September 30	Nine months ended September 30
INCOME FROM CONTINUING OPERATION BEFORE INCOME TAX		(Won) 501,249	(Won) 1,920,530	(Won) 631,395	(Won) 1,691,737	\$ 424,463	\$ 1,626,327	\$ 534,673	\$ 1,432,583
INCOME TAX FOR CONTINUING OPERATION		120,248	535,071	158,223	425,644	101,827	453,104	133,985	360,440
INCOME (LOSS) FROM DISCONTINUED OPERATION	28	2,886	1,132	(983)	(1,725)	2,444	959	(832)	(1,461)
NET INCOME	23	(Won) 383,887	(Won) 1,386,591	(Won) 472,189	(Won) 1,264,368	\$ 325,080	\$ 1,174,182	\$ 399,856	\$ 1,070,682
ATTRIBUTABLE TO:									
Controlling interests		(Won) 386,166	(Won) 1,396,494	(Won) 489,023	(Won) 1,322,265	(Won) 327,010	(Won) 1,182,568	(Won) 414,110	(Won) 1,119,710
Non-controlling interests		((Won) 2,279)	((Won) 9,903)	((Won) 16,834)	((Won) 57,897)	((Won) 1,930)	((Won) 8,386)	((Won) 14,254)	((Won) 49,028)
NET INCOME PER SHARE FROM CONTINUING OPERATION									
(In Korean won and U.S. dollars)	22	(Won) 5,451	(Won) 19,688	(Won) 6,804	(Won) 18,325	\$ 4.62	\$ 16.67	\$ 5.76	\$ 15.52
NET INCOME PER SHARE (In Korean won and U.S. dollars)	22	(Won) 5,478	(Won) 19,698	(Won) 6,795	(Won) 18,310	\$ 4.64	\$ 16.68	\$ 5.75	\$ 15.51
DILUTED NET INCOME PER SHARE FROM CONTINUING OPERATION									
(In Korean won and U.S. dollars)	22	(Won) 5,307	(Won) 19,150	(Won) 6,632	(Won) 17,862	\$ 4.49	\$ 16.22	\$ 5.62	\$ 15.13

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DILUTED NET  
INCOME PER  
SHARE

In Korean won and U.S. dollars)	22	(Won)	5,333	(Won)	19,160	(Won)	6,623	(Won)	17,847	\$	4.52	\$	16.23	\$	5.61	\$	15.11
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See accompanying notes to consolidated financial statements.

## SK TELECOM CO., LTD.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010

	Notes	Korean won				Translation into U.S. dollars (Note 2)			
		2011		2010		2011		2010	
		Three months ended September 30	Nine months ended September 30 (In millions except for per share data)	Three months ended September 30	Nine months ended September 30	Three months ended September 30	Nine months ended September 30 (In thousands except for per share data)	Three months ended September 30	Nine months ended September 30
NET INCOME		(Won) 383,887	(Won) 1,386,591	(Won) 472,189	(Won) 1,264,368	\$ 325,080	\$ 1,174,182	\$ 399,856	\$ 1,070,682
OTHER COMPREHENSIVE INCOME:									
Net change in fair value of available-for-sale financial assets	19	(198,482)	(376,631)	104,190	(40,667)	(168,077)	(318,936)	88,229	(34,437)
Share of other comprehensive income of associates	8	13,867	5,023	(628)	2,173	11,743	4,254	(532)	1,840
Loss on valuation of derivatives		(22,031)	(18,744)	(10,524)	(14,710)	(18,656)	(15,873)	(8,912)	(12,457)
Foreign currency translations of foreign operations		69,408	46,361	(30,621)	(5,411)	58,775	39,259	(25,931)	(4,582)
Actuarial gains (losses) on retirement benefit obligations	15	1,090	(7,134)	1,693	2,452	923	(6,041)	1,434	2,076
Sub-total		(136,148)	(351,125)	64,110	(56,163)	(115,292)	(297,337)	54,288	(47,560)
TOTAL COMPREHENSIVE INCOME		(Won) 247,739	(Won) 1,035,466	(Won) 536,299	(Won) 1,208,205	\$ 209,788	\$ 876,845	\$ 454,144	\$ 1,023,122
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:									
Controlling interests		(Won) 228,707	(Won) 1,030,793	(Won) 562,993	(Won) 1,270,913	(Won) 193,672	(Won) 872,888	(Won) 476,749	(Won) 1,076,224
Non-controlling interests		(Won) 19,032	(Won) 4,673	((Won) 26,694)	((Won) 62,708)	(Won) 16,116	(Won) 3,957	((Won) 22,605)	((Won) 53,102)

See accompanying notes to consolidated financial statements.

## SK TELECOM CO., LTD.

## CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY

## FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010

Notes	Share capital	Paid-in surplus	Treasury stock	Share premium Loss on disposal of treasury stock	Other	Retained earnings	Reserves	Controlling interests	Non-controlling interests
	(Won) 44,639	(Won) 2,915,887	((Won) 1,992,083)	((Won) 15,875)	((Won) 740,053)	(Won) 9,563,940 (680,042)	(Won) 919,835	(Won) 10,696,290 (680,042)	(Won) 1,151,755 (1,815)
						1,323,644	(52,730)	1,270,914	(62,709)
						1,322,265		1,322,265	(57,897)
19						1,379	(52,730)	(51,351)	(4,812)
			(156,088)					(156,088)	
					3,458			3,458	12,287
	(Won) 44,639	(Won) 2,915,887	((Won) 2,148,171)	((Won) 15,875)	((Won) 736,595)	(Won) 10,207,542	(Won) 867,105	(Won) 11,134,532	(Won) 1,099,518
	(Won) 44,639	(Won) 2,915,887	((Won) 2,202,439)	((Won) 15,875)	((Won) 776,526)	(Won) 10,721,249 (668,293)	(Won) 643,056	(Won) 11,329,991 (668,293)	(Won) 1,078,008 (2,226)
						1,389,295	(358,503)	1,030,792	4,674
						1,396,494		1,396,494	(9,903)
19						(7,199)	(358,503)	(365,702)	14,577
17			(208,012)					(208,012)	
					5,868			5,868	3,055
	(Won) 44,639	(Won) 2,915,887	((Won) 2,410,451)	((Won) 15,875)	((Won) 770,658)	(Won) 11,442,251	(Won) 284,553	(Won) 11,490,346	(Won) 1,083,511

(Continued)



## SK TELECOM CO., LTD.

## CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY (CONTINUED)

## FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010

	Share capital	Paid-in surplus	Treasury stock	Share premium Loss on disposal of treasury stock	Other	Retained earnings	Reserves	Controlling interests	Non-controlling interests	Total
<i>Notes</i>										
<b>(In thousands of U.S. dollars)</b>										
Balance, January 1, 2010	\$ 37,801	\$ 2,469,207	(\$ 1,686,919)	(\$ 13,443)	(\$ 626,686)	\$ 8,098,857	\$ 778,927	\$ 9,057,744	\$ 975,320	\$ 10,033,064
Cash dividends						(575,868)		(575,868)	(1,537)	(577,405)
Total comprehensive income						1,120,878	(44,652)	1,076,226	(53,104)	1,023,122
Net income						1,119,710		1,119,710	(49,028)	1,070,682
Other comprehensive income	<i>19</i>					1,168	(44,652)	(43,484)	(4,076)	(47,560)
Acquisition of treasury stock			(132,177)					(132,177)		(132,177)
Changes in subsidiaries equity					2,928			2,928	10,405	13,333
Balance, September 30, 2010	\$ 37,801	\$ 2,469,207	(\$ 1,819,096)	(\$ 13,443)	(\$ 623,758)	\$ 8,643,867	\$ 734,275	\$ 9,428,853	\$ 931,084	\$ 10,359,937
Balance, January 1, 2011	\$ 37,801	\$ 2,469,207	(\$ 1,865,051)	(\$ 13,443)	(\$ 657,571)	\$ 9,078,880	\$ 544,547	\$ 9,594,370	\$ 912,870	\$ 10,507,240
Cash dividends						(565,918)		(565,918)	(1,885)	(567,803)
Total comprehensive income						1,176,471	(303,584)	872,887	3,958	876,845
Net income						1,182,568		1,182,568	(8,386)	1,174,182
Other comprehensive income	<i>19</i>					(6,097)	(303,584)	(309,681)	12,344	(297,337)
Acquisition of treasury stock	<i>17</i>		(176,147)					(176,147)		(176,147)
Changes in subsidiaries equity					4,969			4,969	2,586	7,555
Balance, September 30, 2011	\$ 37,801	\$ 2,469,207	(\$ 2,041,198)	(\$ 13,443)	(\$ 652,602)	\$ 9,689,433	\$ 240,963	\$ 9,730,161	\$ 917,529	\$ 10,647,690

See accompanying notes to consolidated financial statements.

## SK TELECOM CO., LTD.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

## FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010

	Notes	2011 Korean won (In millions)	2010	Translation into U.S. dollars (Note 2)	
				2011 (In thousands)	2010 (In thousands)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash generated from operating activities:					
Net income		(Won) 1,386,591	(Won) 1,264,368	\$ 1,174,182	\$ 1,070,682
Adjustments for income and expenses	27	2,431,971	2,398,284	2,059,422	2,030,895
Changes in assets and liabilities related to operating activities	27	1,246,222	(498,592)	1,055,315	(422,214)
Sub-total		5,064,784	3,164,060	4,288,919	2,679,363
Interest received		123,575	173,381	104,645	146,821
Dividends received		27,425	30,149	23,224	25,531
Interest paid		(241,622)	(306,620)	(204,609)	(259,649)
Income tax paid		(567,259)	(671,693)	(480,362)	(568,798)
Net cash provided by operating activities		4,406,903	2,389,277	3,731,817	2,023,268
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Cash inflows from investing activities:					
Decrease in short-term investment securities, net		112,000	280,000	94,843	237,107
Collection of short-term loans		145,439	173,046	123,159	146,537
Decrease in long-term financial instruments		3		3	
Proceeds from sales of long-term investment securities		258,158	430,918	218,611	364,906
Proceeds from disposal of associates		5,141	45,159	4,353	38,241
Proceeds from disposal of property and equipment		21,947	22,102	18,585	18,716
Proceeds from disposal of intangible assets		2,767	7,009	2,343	5,935
Collection of long-term loans		29,260	76,073	24,778	64,420
Decrease in other non-current assets		1,136	2,971	962	2,517
Proceeds from disposal of consolidated subsidiary		1,000	16,230	847	13,744
Sub-total		576,851	1,053,508	488,484	892,123
Cash outflows for investing activities:					
Increase in short-term financial instruments, net		393,086	133,273	332,870	112,857
Increase in short-term loans		182,486	190,534	154,531	161,346
Increase in long-term financial instruments		7,650	10,052	6,478	8,512
Acquisition of long-term investment securities		254,365	103,433	215,399	87,588
Acquisition of associates		61,896	659,531	52,414	558,499
Acquisition of property and equipment		1,756,706	1,074,312	1,487,599	909,740
Acquisition of investment property		60,801		51,487	
Acquisition of goodwill			1,012		857
Acquisition of intangible assets		74,752	74,924	63,301	63,447
Increase in long-term loans		4,901	85,099	4,150	72,063
Increase in other non-current assets		2,562	545	2,170	461
Acquisition of consolidated subsidiary		13,626		11,539	

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Sub-total	2,812,831	2,332,715	2,381,938	1,975,370
Net cash used in investing activities	((Won) 2,235,980)	((Won) 1,279,207)	(\$ 1,893,454)	(\$ 1,083,247)

(Continued)

## SK TELECOM CO., LTD.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010

	Korean won		Translation into U.S. dollars (Note 2)	
	2011	2010	2011	2010
	(In millions)		(In thousands)	
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Cash inflows from financing activities:				
Proceeds from short-term borrowings	(Won) 1,206,434	(Won) 607,376	\$ 1,021,622	\$ 514,333
Issuance of bonds payable	438,035		370,933	
Proceeds from long-term borrowings	95,492	116,733	80,864	98,851
Increase in equity of consolidated subsidiaries	6,457	4,973	5,468	4,211
<b>Sub-total</b>	<b>1,746,418</b>	<b>729,082</b>	<b>1,478,887</b>	<b>617,395</b>
Cash outflows for financing activities:				
Repayment of short-term borrowings	574,247	356,783	486,279	302,128
Repayment of current portion of long-term debt	550,943	470,657	466,545	398,558
Repayment of bonds payable	332,160	370,000	281,277	313,320
Repayment of long-term borrowings	500,000	16,097	423,406	13,631
Payment of dividends	668,293	680,100	565,918	575,917
Acquisition of treasury stock	208,012	156,088	176,147	132,177
Cash outflows from transaction of derivatives	17,695		14,984	
<b>Sub-total</b>	<b>2,851,350</b>	<b>2,049,725</b>	<b>2,414,556</b>	<b>1,735,731</b>
<b>Net cash used in financing activities</b>	<b>(1,104,932)</b>	<b>(1,320,643)</b>	<b>(935,669)</b>	<b>(1,118,336)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,065,991</b>	<b>(210,573)</b>	<b>902,694</b>	<b>(178,315)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>659,405</b>	<b>886,632</b>	<b>558,392</b>	<b>750,810</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCY</b>	<b>3,323</b>	<b>(3,656)</b>	<b>2,814</b>	<b>(3,096)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>(Won) 1,728,719</b>	<b>(Won) 672,403</b>	<b>\$ 1,463,900</b>	<b>\$ 569,399</b>

See accompanying notes to consolidated financial statements.

## SK TELECOM CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010

## 1. GENERAL

SK Telecom Co., Ltd. ( SK Telecom ) was incorporated in March 1984 under the laws of Korea to engage in providing cellular telephone communication services in the Republic of Korea. SK Telecom Co., Ltd. and its subsidiaries (the Company ) mainly provide wireless telecommunications in the Republic of Korea. The Company's common shares and depositary receipts (DRs) are listed on the Stock Market of Korea Exchange, the New York Stock Exchange and the London Stock Exchange. As of September 30, 2011, the Company's total issued shares are held by the following:

	Number of shares	Percentage of total shares issued (%)
SK Holdings, Co., Ltd.	18,748,452	23.22
Tradewinds Global Investors, LLC	4,050,518	5.02
POSCO Corp.	2,341,569	2.90
Institutional investors and other minority stockholders	44,554,460	55.17
Treasury stock	11,050,712	13.69
	80,745,711	100.00

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company maintains its official accounting records in Republic of Korean won ( Won ) and prepares consolidated financial statements in conformity with Korean statutory requirements and Korean International Financial Reporting Standards ( K-IFRS ), in the Korean language (Hangul). Accordingly, these consolidated financial statements are intended for use by those who are informed about K-IFRS and Korean practices. The accompanying consolidated 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, income, comprehensive income, changes in shareholders' equity or cash flows, is not presented in the accompanying consolidated financial statements.

The accompanying consolidated 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 (Won)1,180.90 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 nine months ended September 30, 2011. 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.

## a. Basis of Presentation

The Company has adopted the K-IFRS for the annual period beginning on January 1, 2011. In accordance with K-IFRS 1101 First-time adoption of International Financial Reporting Standards , the transition date to K-IFRS is January 1, 2010. The transition adjustments to K-IFRS are summarized in Note 3.

The Company's interim consolidated financial statements for the nine months ended September 30, 2011 and 2010 are prepared in accordance with K-IFRS 1034 Interim Financial Reporting . The interim consolidated financial statements are prepared in accordance with the K-IFRS that are effective as of September 30, 2011.

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There may be newly or amended K-IFRS and interpretations that are effective subsequent to the current period-end. Accordingly, accounting policies that are used for the preparation of the interim consolidated financial statements may be different from the policies that are used for the preparation of the first annual consolidated financial statements in accordance with K-IFRS as of and for the period ending December 31, 2011. Currently, enactments and amendments of the K-IFRSs are in progress, and the financial information presented in the interim financial statements may change accordingly in the future.

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Major accounting policies used for the preparation of the interim consolidated financial statements are stated below. Unless stated otherwise, these accounting policies have been applied consistently to the financial statements for the current period and accompanying comparative period.

The interim consolidated financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

### b. Basis of Consolidation

The consolidated financial statements include the accounts of SK Telecom and the following controlled subsidiaries as of September 30, 2011 (in millions of Korea won, except for share data).

Subsidiary	Primary business	Net equity	Number of shares	Ownership Percentage(%)	Location
SK Telink Co., Ltd.	Telecommunication services	(Won) 193,510	1,082,272	83.5	Korea
SK Communications Co., Ltd.	Internet website services	237,035	28,029,945	64.6	Korea
PAXNet Co., Ltd.	Internet website services	23,433	5,590,452	59.7	Korea
Loen Entertainment, Inc.	Release of music disc	91,619	16,054,812	63.5	Korea
Stonebridge Cinema Fund	Investment association	16,749	150	57.0	Korea
Ntreev Soft Co., Ltd.	Game software production	20,059	2,064,970	63.7	Korea
SK i-media Co., Ltd.	Game software production	(1,395)	10,000,000	100.0	Korea
Commerce Planet Co., Ltd.	Online shopping mall operation agency	(2,003)	29,396	100.0	Korea
SK Broadband Co., Ltd.	Telecommunication services	1,376,502	149,638,354	50.6	Korea
Broadband D&M Co., Ltd.	Base station maintenance service	5,150	900,000	100.0	Korea
Broadband Media Co., Ltd.	Multimedia TV portal services	(258,578)	25,200,000	100.0	Korea
Broadband CS Co., Ltd.	Customer Q&A and services	(11,901)	1,210,596	100.0	Korea
K-net Culture and Contents Venture Fund	Investment association	48,511	295	59.0	Korea
2nd BMC Focus Investment Fund	Investment association	28,860	200	66.7	Korea
Open Innovation Fund	Investment association	44,605	450	98.9	Korea
PS&Marketing Corporation	Communications device retail business	155,999	46,000,000	100.0	Korea
Service Ace Co., Ltd.	Customer center management service	26,346	4,385,400	100.0	Korea
Service Top Co., Ltd.	Customer center management service	16,878	2,856,200	100.0	Korea
Network O&S Co., Ltd.	Base station maintenance service	21,551	3,000,000	100.0	Korea
BNCP Co., Ltd.	Internet website services	19,301	8,820,000	100.0	Korea
Service-In Co., Ltd.	Database & on-line information service	2,565	500,000	100.0	Korea
SK Telecom China Holdings Co., Ltd.	Equity Investment	33,450		100.0	China
Sky Property Mgmt., Ltd.	Real Estate Investment	495,292	22,980	60.0	China
Shenzhen E-eye High Tech Co., Ltd.	Manufacturing	20,096		65.5	China
SK China Real Estate Co., Ltd.	Real Estate Investment	82,862	70,000,000	99.4	Hongkong
SKT Vietnam PTE., Ltd.	Telecommunication services	33,461	180,476,700	73.3	Singapore
SKT Americas, Inc.	Information gathering and consulting	45,884	109	100.0	USA
YTK Investment Ltd	Investment Association	52,382		100.0	Cayman
Technology Innovation Partners, LP	Investment Association	17,220		100.0	Cayman
Atlas Investment	Investment Association	52,245		100.0	USA
	Investment Association	37,402	18,000	100.0	Netherlands

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SK Telecom Global Investment B.V.				
SK Telecom China Fund I L.P.	Investment Association	1,087	100.0	Cayman

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the current period are included in the consolidated statement of income and comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full under consolidation

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Company loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings).

c. Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of: a) the consideration transferred, b) the amount of any non-controlling interests in the acquiree, and c) the fair value of the acquirer's previously held equity interest in the acquiree (if any); over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net fair value of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of: a) the consideration transferred, b) the amount of any non-controlling interests in the acquiree, and c) the fair value of the acquirer's previously held interest in the acquiree (if any); the excess is recognized immediately in profit or loss as a bargain purchase gain.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Company obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Any changes in value of equity interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss as if that interest were disposed of.

d. Foreign Currency Exchange

The individual financial statements of each Company entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Company entity are expressed in Korean Won, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

exchange differences on transactions entered into in order to hedge certain foreign currency risks below for hedging accounting policies); and

exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are expressed in Korean won using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity. On the disposal of a foreign operation, all of the accumulated exchange differences in respect of that operation attributable to the Company are reclassified to profit or loss.

e. Cash Equivalents

Cash and cash equivalents include cash, bank balances and short-term highly liquid investments with an original maturity of three months or less.

f. Financial Assets

All financial assets are recognized and derecognized on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss (FVTPL), held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

1) Classification of financial assets

1-1) Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling it in the near term or it is a derivative or embedded derivative separated from contracts that is not designated and effective as a hedging instrument. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognized immediately in profit or loss.

1-2) Held-to-maturity investments

Non-derivatives financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment, with revenue amortized on an effective yield basis.

1-3) Available-for-sale financial assets

Non-derivatives financial assets that are not classified as at held-to-maturity; held-for-trading; designated as at fair value through profit or loss; or loans and receivables are classified as at available-for-sale financial assets. Available-for-sale financial assets are initially recognized and measured at fair value. Unquoted equity investments whose fair value cannot be measured reliably are carried at cost. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale financial assets are recognized in profit or loss when the Company's right to receive the dividends is established.

1-4) Loans and receivables

Non-derivatives financial assets like trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

2) *Impairment of financial assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as available-for-sale financial asset, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets carried at amortized cost, the amount of the impairment loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current rate of return for a similar financial asset. Once an impairment loss has been recognized on a financial asset recognized at cost, it is not permitted to recognize a reversal.

For financial assets carried at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available-for-sale equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In case of debt securities, in subsequent periods, if the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

3) *Derecognition of financial assets*

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

g. *Inventories*

Inventories are stated at the acquisition cost using the average method. During the period, a perpetual inventory systems is used to value inventories, which is adjusted to the physical inventory counts performed at the period 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.

h. *Investments in Associates*

Associates are those entities over which the Company has significant influence but doesn't control or has joint control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with K-IFRS 1105

*Non-current Assets Held for Sale and Discontinued Operations* . Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and assessed for impairment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company or its subsidiary transacts with its associate, unrealized gains from the transactions are eliminated to the extent of the Company's interests in the associate. Unrealized losses are also eliminated, as long as the unrealized loss is not an impairment indicator of an asset which is being transferred.

When necessary, the Company may revise an associate's financial statements, to apply consistent accounting policies as the Company, prior to applying the equity method of accounting for its investment in the associate.

i. Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment is directly attributable to their purchase or construction, which includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are recognized in carrying amount of an asset or as an asset if it is probable that future economic benefits associated with the assets will flow into the Company and the cost of an asset can be measured reliably. Routine maintenance and repairs are expensed as incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Assets	Useful lives (years)
Buildings and structures	15 ~ 50
Machinery	3 ~ 15
Other	4 ~ 10

The Company reviews the depreciation method, the estimated useful lives and residual values of property and equipment at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the item, and is included in profit or loss when the item is derecognized.

j. Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

While land is not depreciated, all other investment property is depreciated based on the respective assets estimated useful lives ranging from 15 ~ 50 years using the straight-line method.

The Company reviews the depreciation method, the estimated useful lives and residual values of investment property at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

k. Goodwill

Goodwill is measured as the excess of the sum of: a) the consideration transferred, b) the amount of any non-controlling interests in the acquiree, and c) the fair value of the acquirer's previously held equity interest in the acquiree (if any); over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is not depreciated, but tested for impairment at the end of each annual reporting period. Goodwill is carried at cost less accumulated impairment losses and the impairment losses are not reversed.

l. Intangible Assets

Intangible assets with definite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives ranging from 3 ~ 20 years. The Company reviews the amortization method, the estimated useful lives and residual values of intangible assets at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses. Intangible assets with indefinite useful lives are not amortized, but tested for impairment at the end of each annual reporting period. At the case of amortizable intangible assets, the Company reviews impairment at each time whether the events are occurring that the carrying amount is not recoverable.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use or disposal. The gains or losses arising from derecognition of an intangible asset, measured at the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

m. Government Grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants for acquiring or constructing non-current assets are recognized as a deduction (net of) the related assets' book value in the consolidated statement of financial position, and is recognized into profit or loss by offsetting depreciation expense over the useful lives of the related assets on a systematic basis. Other government grants, revenue type, are recognized in profit or loss over the periods in which the Company recognizes the expense which the grants are intended to reimburse.

Government grants related to specific expenditure reimbursement; losses already incurred by the Company; or immediate financial support with no future expenditure requirements; are recognized in profit or loss in the period in which they become receivable by the Company.

n. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Financial Liabilities and Equity Instruments issued by the Company

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. Financial liabilities are classified as either financial liabilities at fair value through profit or loss (FVTPL) or other financial liabilities .

1) Classification of financial liabilities and equity instruments

*1-1) Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

When the Company reacquires its own equity instruments ( treasury shares ), equity is directly deducted. No gain or loss is recognized in profit or loss related to the acquisition, sale, issue or cancellation of treasury shares.

*1-2) Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as FVTPL. A financial liability is classified as held for trading if it has been acquired principally for the purpose of repurchasing it in the near term or it is a derivative, including embedded derivative separated from contracts, which is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

*1-3) Other financial liabilities*

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2) *Derecognition of financial liabilities*

The Company derecognizes financial liabilities when the Company's obligations are discharged, cancelled or they expire. An exchange between an existing borrower and lender of debt instruments with substantially different terms, or a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liabilities derecognized and the consideration paid is recognized in profit or loss.

p. Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

q. Derivative Financial Instruments

Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument. For derivative instruments designated as cashflow hedges, the effective portions of the gains or losses on the hedging instruments are recorded as part of other comprehensive income (loss).

r. Retirement Benefit Obligation

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets.

For defined retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. The present value of the defined benefit obligation is denominated in the same currency in which the benefits are expected to be paid, and calculated at the discount rate which is the yield at the reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Company's obligation. The Company recognizes all actuarial gains and losses arising from defined benefit plans as other comprehensive income (loss) and records at retained earnings immediately, which is not reclassified to current operation thereafter.

s. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When the effect of the time value of money is material, the provision is measured using the cash flows estimated to settle the present obligation. Discount rate is pre-tax interest rate reflecting inherent risk of liabilities and market's valuation on the present value of monetary. Changes in provisions caused by elapse of time are the financial cost as incurred and recognized in profit or loss.

At the end of each reporting period, the remaining provision balance is reviewed and assessed to determine if the current best estimate is being recognized. If the existence of an obligation to transfer economic benefit is no longer probable, the related provision is reversed during the period.

t. Revenue Recognition

Revenue from the sale of goods and rendering of services in the course of ordinary operating activities is measured at the fair value of the consideration received or receivable. Revenues are realized or realizable and earned when the Company has persuasive evidence of an arrangement, the goods have been delivered or the services have been rendered to the customer, sales price is fixed or determinable and collectability is reasonably assured.

The Company's revenue is principally derived from telecommunication services including data services, broadband internet and fixed-line telephone services. Telecommunication services consist of fixed monthly charges, usage-related charges and non-refundable activation fees. Fixed monthly charges are recognized in the period earned. Usage-related charges are recognized at the time services are rendered. Non-refundable activation fees are deferred and recognized over the expected term of the customer relationship.

u. Income Tax and Deferred Tax

Income tax consists of current tax and deferred tax.

1) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of income and comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Company offsets deferred tax assets and liabilities if, and only if the Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

v. Handset Subsidies to Long-term Mobile Subscribers

The Company provides lump-sum handset subsidies to customers who agree to use the Company's service for the predetermined service period and the subsidies are charged to commission paid as the related payments are made.

When customers agree to use the Company's service for a predetermined service period and purchase handsets on an installment basis, the subsidies are paid every month over the installment period and the Company estimates a provision for handset subsidies to be paid, which is recognized as to commissions paid at the time telecommunication service contracts are made.

w. Assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

x Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are critical assumptions and key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1) Fair value measurement of financial instruments

Subsequent to initial recognition, available-for-sale financial assets and derivative financial assets are stated at fair value with any gains or losses arising on remeasurement recognized in profit or loss or other comprehensive income. When measuring fair value, if there is quoted price in active market, the Company uses it. But, if quoted price does not exist, the Company uses valuation techniques that require the management's

judgments on the expected future cash flows and discount rates.

2) Allowance for doubtful accounts of trade/other receivables and loans

Based on the aging of accounts receivables, past experience of bad debt, and economic and industrial factors, the Company estimates bad debt for the period and recognizes an allowance for the bad debt.

3) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and an appropriate discount rate in order to calculate present value.

4) Measurement of property and equipment, intangible assets

If the Company acquires property and equipment or intangible assets from business combination, it is required to estimate the fair value of these assets at the acquisition date and to estimate the useful lives for depreciation and amortization.

5) Provisions

Determining whether the Company will be required to settle the obligation incurred as a result of a past event, and estimating reliable value of obligation require the management's judgement.

6) Retirement benefit plans

The Company has defined retirement benefit plans. The cost of providing benefits under the plan are determined using an actuarial valuation method that requires management assumptions on discount rates, expected rate of salary increase and expected rate of return on plan assets. These assumptions involve critical uncertainties due to the long-term nature of the retirement benefit plans.

7) Deferred tax

Recognizing and measuring of the deferred tax assets and liabilities requires the management's judgments and specially, whether and how deferred tax assets is recognized shall be affected from an assumption and management's judgment of the future situation.

### 3. TRANSITION TO K-IFRS

As stated in Note 2, these are the Company's first consolidated financial statements prepared in accordance with K-IFRS, as the Company adopts K-IFRS in 2011. Therefore, prior periods' consolidated financial statements, comparatively presented herein, were restated in accordance with K-IFRS 1101 "First-time adoption of International Financial Reporting Standards" with a transition date of January 1, 2010.

a. K-IFRS 1101 First-time adoption of K-IFRS - optional exemptions

K-IFRS 1101 provides for a number of optional exemptions from the general principle of full retrospective applications of K-IFRS. The optional exemptions for first-time adoption of K-IFRS of the Company elected are as follows.

1) *Business combination*

Business combinations that occurred before the date of transition to K-IFRS, were not retrospectively restated.

2) *Fair value or revaluation as deemed cost*

Certain property and equipment were revaluated at the date of transition to K-IFRS and such revaluation is used as the asset's deemed cost.

b. Explanation of effect of transition to K-IFRS

Effects on financial position at January 1, 2010 (date of transition) are as follows (in millions of Korean won):

	Total assets	Total liabilities	Net equity
Based on Korean GAAP	(Won) 23,206,256	(Won) 10,861,631	(Won) 12,344,625
Adjustments:			
1. Changes in scope of consolidation	(62,440)	3,735	(66,175)
2. Property and equipment	69,538		69,538
3. Employee benefits and retirement benefit obligation	15	25,048	(25,033)
4. Transfer of financial assets	416,242	400,753	15,489
5. Non-refundable activation fees		593,981	(593,981)
6. Other adjustments	(107,730)	(73,521)	(34,209)
7. Deferred tax and tax effect of adjustments	(185,157)	(322,948)	137,791
Total adjustment	130,468	627,048	(496,580)
Based on K-IFRS	(Won) 23,336,724	(Won) 11,488,679	(Won) 11,848,045

Effects on financial position at December 31, 2010 and total comprehensive income for the year ended December 31, 2010 are as follows (in millions of Korean won):

	Total assets	Total liabilities	Net equity	Total comprehensive income
Based on Korean GAAP	(Won) 22,651,704	(Won) 10,173,055	(Won) 12,478,649	(Won) 1,021,501
Adjustments:				
1. Changes in scope of consolidation	(103,743)	(13,053)	(90,690)	1,247
2. Property and equipment	477,044		477,044	407,811
3. Amortization of goodwill	151,900	(9,444)	161,344	151,620
4. Employee benefits and retirement benefit obligation	17	38,799	(38,782)	(5,514)
5. Transfer of financial assets				(15,489)
6. Effect on equity method in associates	18,430		18,430	7,717
7. Nonrefundable activation fees		533,783	(533,783)	60,199
8. Other adjustments	44,507	94,943	(50,436)	598
9. Deferred tax and tax effect of adjustments	(107,470)	(93,693)	(13,777)	(150,139)
Total adjustment	480,685	551,335	(70,650)	458,050
Based on K-IFRS	(Won) 23,132,389	(Won) 10,724,390	(Won) 12,407,999	(Won) 1,479,551

The adjustments of effects on financial position at September 30, 2010 and the results of operation for the three months and nine months ended September 30, 2010 are not presented in the accompanying financial statements as the Company did not prepare consolidated financial statements for the three months and nine months ended September 30, 2010 under Korean GAAP.



Under K-IFRS, dividends received, interest received, interest paid, and income tax paid which were not presented separately in the consolidated statement of cash flows under Korean GAAP, are now separately presented and the related income (expense) and assets (liabilities) have been adjusted for accordingly. Also, under K-IFRS, foreign currency translation amounts are presented gross as part of the related transactions and deducted against the effects of foreign exchange rate changes on the balance of cash held in foreign currencies. No others significant differences between the consolidated statements of cash flows prepared under Korean GAAP compared to K-IFRS have been noted.

c. Explanation of transition to K-IFRS

Transition adjustments from previous GAAP ( Korean GAAP ) to K-IFRSs that affected the Company s financial position, financial performance and cash flows are as follows.

1) *Scope of consolidation*

As at the date of transition to K-IFRS the Company s change in scope of consolidation is as follows:

*Newly Added*

Under Korean GAAP, subsidiaries whose total assets, as of December 31 of the prior year, were less than (Won)10 billion, were excluded from consolidation pursuant to the former Act on External Audit of Stock Companies Article 1.3 section 2.1 in the Republic of Korea. Under K-IFRS, such subsidiaries are subject to consolidation regardless of significance.

*Excluded*

Under Korean GAAP, entities (subsidiaries) of which the Company has over 30% of the voting rights and is the largest shareholder, were included in consolidation pursuant to the former Act on External Audit of Stock Companies Article 1.3 section 2.1 in the Republic of Korea. Under K-IFRS, as the Company does not have controlling power over the entities, entities are excluded from consolidation.

Changes	Name of entities
Newly added	Broadband D&M Co., Ltd., Broadband CS Co., Ltd.
Excluded	F&U Credit information Co., Ltd., IHQ, Inc., BMC Movie Expert Fund, BMC Digital Culture and Contents Fund

2) *Employee benefits and retirement benefit obligation*

Under Korean GAAP, at the end of a reporting period a benefit obligation is calculated and recognized, based on an assumption that all employees who have worked over a year were to retire as of the reporting period end. While, under K-IFRS, the retirement benefit amount is appropriated as a defined benefit obligation by actuarial assessment using the projected unit credit method.

Also, the Company recognizes its long-term employee benefits obligation by actuarial assessment using the projected unit credit method.

3) *Change in depreciation method*

The Company changed the depreciation method of equipment from declining balance method to straight-line method.



4) *Goodwill acquired by business combinations*

Under Korean GAAP, the Company amortized goodwill acquired as a result of business combinations on a straight-line method from 5 ~ 20 years from the year of acquisition. Under K-IFRS, goodwill is not amortized but reviewed for impairment annually.

5) *Transfer of financial assets*

Under Korean GAAP, when the Company transferred a financial asset to financial institutions and it was determined that control over the asset has been transferred the Company derecognized the financial asset. Under K-IFRS, if the Company retains substantially all the risks and rewards of ownership of the asset, the asset is not derecognized but instead the related cash proceeds are recognized as financial liabilities.

6) *Deferment of non-refundable activation fees*

Under Korean GAAP, the Company recognizes non-refundable activation revenues when the activation service is performed. Under K-IFRS, the Company defers such revenues and amortizes it over the expected term of the customer relationship.

7) *Income tax*

Under Korean GAAP, deferred tax assets and liabilities were classified as either current or non-current based on the classification of their underlying assets and liabilities assuming that all differences from one entity are recovered or settled together. If there are no corresponding assets or liabilities, deferred tax assets and liabilities were classified based on the periods the temporary differences were expected to reverse. Under K-IFRS, deferred tax assets and liabilities are all classified as non-current on the statement of financial position.

Under Korean GAAP, difference between the carrying value and the tax base of the investments in subsidiaries, branches and associates and interest in joint ventures were considered as temporary differences and recognized as deferred tax assets and liabilities. Under K-IFRS, the temporary differences associated with investments in subsidiaries, branches and associates and interest in joint ventures is recognized as deferred assets and liabilities reflecting the manner in which Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

8) *Other reclassifications*

(1) *Memberships*

Under Korean GAAP, facility-use memberships and guarantee deposits were classified as other non-current assets.

Under K-IFRS, facility-use memberships are recognized as intangible assets with an indefinite useful life and guarantee deposits that satisfy the definition of financial assets are classified as loans and receivables at amortized costs.

(2) *Investment property*

Under Korean GAAP, properties acquired for earning rental income and/or for capital appreciation were classified as property and equipment.

Under K-IFRS, such properties are reclassified separately as investment properties.

**4. FINANCIAL INSTRUMENTS**

Details of financial assets as of September 30, 2011 and December 31, 2010 are as follows (in millions of Korean won):

	Financial assets		September 30, 2011		Total
	designated as FVTPL	Available-for-sale financial assets	Loans and receivables	Derivatives designated as hedging instruments	
Cash and cash equivalents	(Won)	(Won)	(Won) 1,728,505	(Won)	(Won) 1,728,505
Financial Instruments			968,002		968,002
Short-term investment securities		90,669			90,669
Long-term investment securities (Note a)	15,067	1,545,066			1,560,133
Trade receivables			1,953,774		1,953,774
Loan and other receivables (Note b)			1,800,402		1,800,402
Derivatives assets	1,273			226,906	228,179
<b>Total</b>	<b>(Won) 16,340</b>	<b>(Won) 1,635,735</b>	<b>(Won) 6,450,683</b>	<b>(Won) 226,906</b>	<b>(Won) 8,329,664</b>

  

	Financial assets		December 31, 2010		Total
	designated as FVTPL	Available-for-sale financial assets	Loans and receivables	Derivatives designated as hedging instruments	
Cash and cash equivalents	(Won)	(Won)	(Won) 659,405	(Won)	(Won) 659,405
Financial Instruments			567,269		567,269
Short-term investment securities		400,531			400,531
Long-term investment securities		1,680,582			1,680,582
Trade receivables			1,971,815		1,971,815
Loan and other receivables (Note b)			3,518,690		3,518,690
Derivatives assets	1,961			201,421	203,382
<b>Total</b>	<b>(Won) 1,961</b>	<b>(Won) 2,081,113</b>	<b>(Won) 6,717,179</b>	<b>(Won) 201,421</b>	<b>(Won) 9,001,674</b>

(Note a) Long-term investment securities designated as FVTPL consist of financial instruments with an embedded derivatives (convertible options) which cannot be bifurcated from the host contract, as such the entire financial instrument is measured at fair value with changes recognized in current period profit and loss.

(Note b) Details of loan and other receivables as of September 30, 2011 and December 31, 2010 are as follows (in millions of Korean won):

	September 30, 2011	December 31, 2010
Short-term loans	(Won) 99,643	(Won) 94,924
Accounts receivable other	1,343,877	2,531,847
Advanced payments and other	19,388	30,157
Long-term loans	91,862	84,323
Long-term accounts receivable other	8,322	527,106
Guarantee deposits	237,310	250,333

(Won) 1,800,402

(Won) 3,518,690

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Details of financial liabilities as of September 30, 2011 and December 31, 2010 are as follows (in millions of Korean won):

	September 30, 2011			
	Financial liabilities designated as FVTPL	Financial liabilities at amortized cost	Derivatives designated as hedging instruments	Total
Account payables-trade	(Won) 1,654	(Won) 201,567	(Won) 811	(Won) 201,567
Derivatives liabilities				2,465
Borrowings		1,523,976		1,523,976
Bonds payable (Note a)	409,278	3,910,789		4,320,067
Other payables (Note b)		2,129,244		2,129,244
Total	(Won) 410,932	(Won) 7,765,576	(Won) 811	(Won) 8,177,319

	December 31, 2010			
	Financial liabilities designated as FVTPL	Financial liabilities at amortized cost	Derivatives designated as hedging instruments	Total
Account payables-trade	(Won) 5,043	(Won) 195,777	(Won) 25,111	(Won) 195,777
Derivatives liabilities				30,154
Borrowings		1,272,056		1,272,056
Bonds payable (Note a)	461,655	4,071,328		4,532,983
Other payables (Note b)		2,485,789		2,485,789
Total	(Won) 466,698	(Won) 8,024,950	(Won) 25,111	(Won) 8,516,759

(Note a) Bonds payables designated as FVTPL consist of financial instruments with an embedded derivative (convertible options) which cannot be bifurcated from the host contract, as such the entire financial instrument is measured at fair value with changes recognized in current period profit and loss.

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(Note b) Details of other payables as of September 30, 2011 and December 31, 2010 are as follows (in millions of Korean won):

	September 30, 2011	December 31, 2010
Accounts payable-other	(Won) 1,094,487	(Won) 1,433,812
Withholdings	11,907	5,137
Accrued expenses	657,384	677,480
Current portion of long-term debt	49,106	215,416
Long-term payables other	235,721	