

SK TELECOM CO LTD  
Form 6-K  
September 19, 2008

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

**Form 6-K  
REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE MONTH OF SEPTEMBER 2008**

**SK Telecom Co., Ltd.**

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

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

*(Address of principal executive offices)*

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

Form 20-F  Form 40-F

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

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

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

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

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

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

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SEMI-ANNUAL REPORT

(From January 1, 2008 to June 30, 2008)

THIS IS A SUMMARY OF THE SEMI-ANNUAL 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 NON-CONSOLIDATED BASIS IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN KOREA, OR KOREAN GAAP, WHICH DIFFER IN CERTAIN RESPECTS FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN CERTAIN OTHER COUNTRIES, INCLUDING THE UNITED STATES. WE HAVE MADE NO ATTEMPT TO IDENTIFY OR QUANTIFY THE IMPACT OF THESE DIFFERENCES.

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Attachment: Korean GAAP Non-consolidated Financial Statements

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**I. OVERVIEW**

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

**Business Objectives**

1. Information and communication business
2. Handset sales and lease business
3. New media business
4. Advertisement business
5. Communication sales business
6. Personal property and real property lease business
7. Research and technology development related to Clause 1 through 4
8. Overseas business and trading business related to Clause 1 through 4
9. Manufacturing and distribution business related to Clause 1 through 4
10. Tourism
11. Electronic financial business
12. Motion picture business (production, importation, distribution, screening)
13. Any business or undertaking incidental or conducive to the attainment of the objects above

**2. Company History**

**A. Changes Since Incorporation**

(1) Date of Incorporation

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

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

(2) Location of Headquarters

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

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

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

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

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

**B. Mergers**

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

Date: January 13, 2002

Registration: January 16, 2002

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

Date: May 1, 2003

Registration: May 7, 2003

C. Significant Recent Business Events

(1) Incorporation and capitalization of SK Marketing & Company (provisional name, may be subject to change)

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Pursuant to a board resolution passed on March 28, 2008, for the purpose of increasing its marketing competitiveness and to provide a new area of growth, the Company, together with SK Energy Co., Ltd., incorporated SK Marketing & Company (provisional name), a corporation specializing in marketing.

The Company and SK Energy Co., Ltd. each invested Won 19 billion in SK Marketing & Company (provisional name), and each have an equal equity stake in that company.

**(2) Interim Dividend**

On July 28, 2006, the Company's board of directors passed a resolution to pay an interim dividend as follows:

Dividend amount: Cash dividend amount per share of Won 1,000 (Total Dividend Amount: Won 72,793,003,000)

A Market dividend rate: 0.53%

Record date: June 30, 2008

Dividend payment date: within 20 days of such board resolution

**3. Information Regarding Shares****A. Total number of shares**

(As of June 30, 2008)

Classification	Share type		Total	Remarks
	Common shares			
<b>I. Total number of issuable shares</b>	220,000,000		220,000,000	
<b>II. Total number of shares issued to date</b>	89,278,946		89,278,946	
<b>III. Total number of shares retired to date</b>	8,085,235		8,085,235	
<b>1. Capital reduction</b>				
<b>2. Share cancellation</b>	8,085,235		8,085,235	
<b>3. Redeemed shares</b>				
<b>4. Others</b>				
<b>IV. Total number of shares (II-III)</b>	81,193,711		81,193,711	
<b>V. Number of treasury shares</b>	8,400,708		8,400,708	
<b>VI. Number of shares outstanding (IV-V)</b>	72,793,003		72,793,003	
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## B. Capital Stock and Price per Share

(As of June 30,  
2008)

Classification	Type	Capital (total face value)			Price per share		
		Capital amount in financial statements	Total number of issued shares	Total amount of distributed shares	Par value per share	Capital/ Total Capital/ Number of distributed shares	
		(a)	(IV of A×b)	(VI of A×b )	(b)	(a / IV of A.)	(a / VI of A.)
Registered	Common shares	44,639,473,000	40,596,855,500	36,396,501,500	500	549.8	613.2
<b>Total</b>		44,639,473,000	40,596,855,500	36,396,501,500	500	549.8	613.2

## C. Acquisition and Disposition of Treasury Shares

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

Acquisition method	Type of share	Amount at the beginning of period	Acquisition (+)	Disposition (-)	Retirement (-)	Amount at the end of period
Direct acquisition pursuant to Article 189-2 (1) of the relevant Act	Common share	4,644,354		208,326	4,436,028	
Direct acquisition based on causes other than those stipulated in Article 189-2 (1) of the relevant Act	Preferred share					
	Common share	77,970			77,970	
	Preferred share					
<b>Sub-total</b>	Common share	4,722,324		208,326	4,513,998	
	Preferred share					
Indirect acquisition through trust and other agreements	Common share	3,886,710			3,886,710	
	Preferred share					
<b>Total</b>	Common share	8,609,034		208,326	8,400,708	
	Preferred share					

Notes:



\* Of the 4,513,998 shares of treasury shares directly acquired based on causes other than those provided in Article 189-2 (1) of the relevant Act, 1,317,494 shares were deposited with the Korea Securities Depository as of June 30, 2008 for any exchange of the Company's overseas exchangeable bonds.

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## D. Employee Stock Ownership Program

## (1) Transactions with the Employee Stock Ownership Program

The Company lent funds to the Employee Stock Ownership Program to finance purchases of the Company's stock by employees, and the Employee Stock Ownership Program re-lent the amount to the Company's employees in accordance with its internal allotment standards.

(Unit: in thousands of Won)

Classification	Loan Date	Amount	Repayment Condition	Remarks
5th	1999.08.23	118,577,755	8-year installment repayment plan following a three-year grace period	
8th(1)	2007.12.23	31,017,044	5-year installment repayment plan following a two-year grace period	
8th(2)	2008.01.23	29,676,039	5-year installment repayment plan following a two-year grace period	

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

(As of June 30, 2008)

(Unit: in thousands of Won)

Classification	Initial Loan	Amount		Balance
		Repayment Amount	Accumulated Repayment	
5th	118,577,754	957,170	115,732,680	2,845,075
8th(1)	31,017,043	1,232,703	1,232,703	59,460,380
8th(2)	29,676,039			
<b>Total</b>	<b>179,270,838</b>	<b>2,189,873</b>	<b>116,965,383</b>	<b>62,305,455</b>

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

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

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

As the relevant law requires an immediate transfer of the shares directly purchased by the employees to the account of the individual purchasers, the Company transfers and holds the employees' stock in separate individual accounts within the program once the number of shares for each individual member is determined.

(Unit: shares)

Classification	Account classification	Types of share	Balance at the beginning of period	Balance at the end of period
5th	Member Account	Common share	139,338	130,253
8th(1)			171,871	372,525
8th(2)			208,326	

Total

5

519,535

502,778

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

(As of June 30, 2008)

(Unit: shares)

	Classification	Number of shares	Remarks
<b>Total outstanding shares (A)</b>	Common share	81,193,711	
	Preferred share		
<b>Number of shares without voting rights (B)</b>	Common share	8,400,708	Treasury shares
	Preferred share		
<b>Shares with restricted voting rights under the Stock Exchange Act and other laws (C)</b>	Common share		
<b>Shares with reestablished voting rights (D)</b>			
<b>The number of shares with exercisable voting rights (E = A - B - C + D)</b>	Common share	72,793,003	
	Preferred share		

**5. Dividends and Others**

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

	Classification	As of and for the six months ended June 30, 2008	As of and for the year ended December 31, 2007	As of and for the year ended December 31, 2006
<b>Par value per share</b>		500	500	500
<b>Current net income</b>		680,895	1,642,451	1,446,598
<b>Net income per share</b>		9,358	22,607	19,734
<b>Income available for distribution as dividend</b>		682,011	1,603,828	1,574,716
<b>Total cash dividend</b>			682,379	582,386
<b>Total stock dividend</b>				
<b>Percentage of cash dividend to available income (%)</b>			41.6	40.3
<b>Cash dividend yield ratio (%)</b>	Common share		3.8	3.6
	Preferred share			
<b>Stock dividend yield ratio (%)</b>	Common share			
	Preferred share			
<b>Cash dividend per share</b>	Common share	1,000	9,400	8,000
	Preferred share			
<b>Stock dividend per share</b>	Common share			
	Preferred share			

**Table of Contents****II. BUSINESS****1. Business Summary****A. Industry Status****(1) Characteristics of the Industry**

As of June 30, 2008, the number of domestic mobile phone subscribers reached approximately 45 million and with a 92.7% penetration rate, and the Korean mobile communication market can be considered to have reached its maturation stage. However, considering the number of European countries with penetration rates exceeding 90%, additional future growth of the domestic market may be possible.

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

**(2) Industry Growth**

		(Unit: 1,000 persons)				
		As of June		As of December 31,		
Classification		2008	2007	2006	2005	2004
<b>Penetration rate (%)</b>		92.7	89.8	83.2	79.4	75.9
<b>SK Telecom</b>		22,744	21,968	20,271	19,530	18,783
<b>Number of subscribers</b>						
<b>Others (KTF, LGT)</b>		22,239	21,530	19,926	18,812	17,803
<b>Total</b>		44,983	43,498	40,197	38,342	36,586

(Data: Ministry of Information and Communication website)

**(3) Market Characteristics**

The Korean mobile communication market includes the entire population of Korea with mobile communication service needs, and almost every Korean is considered a potential user. Korea's mobile communication market penetration continues to grow, reflecting increased usage of mobile communications services by elementary school and pre-school children. 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. Seasonal and economic fluctuations have much less impact on the Korean mobile communication market compared to other industries.

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## B. Company Status

## (1) Market Share

\* Historical market share of the Company

Classification	2008	As of June 30,	
		2007	2006
Mobile phone	50.6	50.5	50.7

(Unit: %)

\* Comparative market share

Classification	As of June 30, 2008		
	SK Telecom	KTF	LG Telecom
Market share	50.6	31.5	17.9

(Unit: %)

(Data: Ministry of Information and Communication website)

## (2) New Business Contents and Prospects

N/A

**2. Major Products**

## A. Status of Major Products as of December 31, 2007

Business field	Sales type	Item	Major trademarks	Sales amount (ratio)
				June, NATE and others
Information and communication	Services	Mobile phone	June, NATE and others	5,358,918 (92.9%)
		Others	Others	409,364 (7.1%)

(Unit: in millions of Won, %)

## B. Price Trend of Major Products

Item	As of June 30,	As of June 30,	(Unit: Won)
	2008	2007	As of June 30, 2006
Mobile phone (Based on standard call charge)	Basic fee (per month)	13,000	13,000
	Service fee (per 10 seconds)	20	20

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

## A. Investments in Progress

(Unit: in 100 millions of Won)

Business field	Classification	Investment period	Subject of investment	Investment effect	Amount		
					Total investments	already invested*	Future investment
Network/Common	Upgrade/New installation	2008	Network, systems and others	Capacity increase and quality improvement; systems improvement	17,500	6,054	11,446

\* Reflects aggregate investment amount through the first half of 2008

## B. Future Investment Plan

(Unit: in 100 millions of Won)

Business field	Asset type	Expected investment amount*	Expected investment for each year		Investment effect
			2008	2009	
Network/Common	Network, systems and others	17,500	17,500	N/A	Upgrades to the existing services and provision of new services
<b>Total</b>		17,500	17,500	N/A	

\* The expected investment amount of Won 1,750.0 billion is the planned investment amount for 2008.

**4. Derivative Products and Others**

## A. Derivatives Contracts

## (1) FX Swap

a) Purpose of Contracts: Currency Exchange or Interest Rate Risk Hedging

b) Contract Terms

Income/loss on valuation on the following currency swaps were calculated using cash flow hedge accounting:

(As of June 30, 2008)

(Unit: in millions of Won)

<b>Contract amount</b>	<b>Contract party</b>	<b>Contract date</b>	<b>Due date</b>	<b>Proceeds payment method</b>	<b>Income/loss on valuation</b>
US\$ 125 million	Citibank	March 23, 2004	April 1, 2011	Exchange on the date immediately preceding the principal and interest payment date	(20,496)
US\$ 125 million	Credit Suisse	March 23, 2004	April 1, 2011	Same as above	(20,432)

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(As of June 30, 2008) (Unit: in millions of Won)

<b>Contract amount</b>	<b>Contract party</b>	<b>Contract date</b>	<b>Due date</b>	<b>Proceeds payment method</b>	<b>Income/loss on valuation</b>
US\$ 50 million	BNP Paribas	March 23, 2004	April 1, 2011	Same as above	(8,189)
US\$ 100 million	Calyon	October 10, 2006	October 10, 2013	Exchange on the date of the principal and interest payment date	7,182
JPY 9,100 million	SMBC	November 13, 2007	November 13, 2012	Same as above	19,544
JPY 3,400 million	HSBC	November 13, 2007	November 13, 2012	Same as above	5,351

Income/loss on valuation on the following currency swap was calculated using fair value hedge accounting:

(As of June 30, 2008) (Unit: in millions of Won)

<b>Contract amount</b>	<b>Contract party</b>	<b>Contract date</b>	<b>Due date</b>	<b>Proceeds payment method</b>	<b>Income/loss on valuation</b>
HKD 10,941 million	8 Banks including Hana Bank	September 16, 2007	September 16, 2008	Payment of HK Dollars and receipt of Korean Won on September 16, 2008	(12,646)

Income/loss on valuation on the following currency swaps were calculated using sales accounting:

(As of June 30, 2008) (Unit: in millions of Won)

<b>Contract amount</b>	<b>Contract party</b>	<b>Contract date</b>	<b>Due date</b>	<b>Proceeds payment method</b>	<b>Income on valuation</b>
US\$ 100 million	Credit Suisse	May 27, 2004	May 27, 2009	Exchange before principal payment date	(11,882)
US\$ 150 million	Morgan Stanley	July 20, 2007	July 20, 2017	Same as above	21,953
US\$ 150 million	Merrill Lynch	July 20, 2007	July 20, 2017	Same as above	22,337
US\$ 100 million	Barclays Capitals	July 20, 2007	July 20, 2017	Same as above	14,877

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- (2) Interest Rate Swap  
 a) Purpose of Contracts: Interest Rate Risk Hedging  
 b) Contract Terms

Income/loss on valuation on the following interest rate swap was calculated using cash flow hedge accounting:

(As of June 30, 2008)

(Unit: in millions of Won)

Contract amount	Contract party	Contract date	Due date	Proceeds payment method	Income/loss on valuation
200 Billion Won	Shinhan Bank	June 28, 2006	June 29, 2010	Fixing of interest payment date / exchange of floating interest rate	3,104

**5. R&D Investments**

(Unit: in thousands of Won)

Category	For the six months ended June 30, 2008	For the year ended December 31, 2007	For the year ended December 31, 2006	Remarks
Raw material	41,408	96,217	184,969	
Labor	20,892,244	39,388,760	33,986,701	
Depreciation	64,450,275	129,208,262	134,461,257	
Commissioned service	41,820,956	90,363,645	83,751,223	
Others	14,306,240	37,609,969	35,680,197	
<b>Total R&amp;D costs</b>	<b>141,511,123</b>	<b>296,666,853</b>	<b>288,064,347</b>	
Accounting				
Sales and administrative expenses	139,216,506	288,519,863	277,807,352	
Development expenses (Intangible assets)	2,294,617	8,146,990	10,256,995	
<b>R&amp;D cost / sales amount ratio (Total R&amp;D costs / Current sales amount×100)</b>	<b>2.45%</b>	<b>2.63%</b>	<b>2.70%</b>	

**Table of Contents****6. Other Matters****A. External Fund Procurement Summary**

\* Domestic procurement

(Unit: in millions of Won)

Source of procurement	Beginning balance	New procurement	Reduction from repayment	Ending balance	Remarks
<b>Bank</b>	200,000			200,000	
<b>Insurance company</b>					
<b>Merchant banking</b>					
<b>Loan specialty financial company</b>					
<b>Mutual savings bank</b>					
<b>Other financial institutions</b>	1,642		1,642		
<b>Total procurement from financial institutions</b>	201,642		1,642	200,000	
<b>Corporate bond (public offering)</b>	1,704,166	418,557	300,000	1,822,723	Exchange rate adjustment
<b>Corporate bond (private offering)</b>					
<b>Paid-in capital increase (public offering)</b>					
<b>Paid-in capital increase (private offering)</b>					
<b>Asset-backed securitization (public offering)</b>					
<b>Asset-backed securitization (private offering)</b>					
<b>Others</b>		300,000		300,000	
<b>Total procurement from capital market Borrowings from shareholder, officer and affiliated company</b>	1,704,166	718,557	300,000	2,122,723	
<b>Others</b>					
<b>Total</b>	1,905,808	718,557	301,642	2,322,723	

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\* Overseas procurement

(Unit: in millions of Won)

<b>Procurement source</b>	<b>Beginning balance</b>	<b>New procurement</b>	<b>Reduction in repayment and others</b>	<b>Ending balance</b>	<b>Remarks</b>
<b>Financial institutions</b>	93,820	10,520		104,340	Exchange rate adjustment
<b>Overseas securities (Corporate bonds)</b>	656,740	73,640		730,380	Exchange rate adjustment
<b>Overseas securities (shares and others)</b>	268,415			268,415	
<b>Asset-backed securitization</b>					
<b>Others</b>					
<b>Total</b>	1,018,975	84,160		1,103,135	

## B. Credit Ratings

## (1) Corporate Bonds

<b>Credit rating date</b>	<b>Subject of valuation</b>	<b>Credit rating</b>	<b>Credit rating entity (Credit rating range)</b>	<b>Evaluation classification</b>
June 13, 2006	Corporate bond	AAA	National Information on Credit Evaluation, Inc.	Regular valuation
June 21, 2006	Corporate bond	AAA	Korea Ratings	Regular valuation
June 22, 2006	Corporate bond	AAA	Korea Investors Service, Inc.	Regular valuation
September 1, 2006	Corporate bond	AAA	National Information on Credit Evaluation, Inc.	Current valuation
September 1, 2006	Corporate bond	AAA	Korea Ratings	Current valuation
September 1, 2006	Corporate bond	AAA	Korea Investors Service, Inc.	Current valuation
October 27, 2006	Corporate bond	AAA	National Information on Credit Evaluation, Inc.	Current valuation
October 27, 2006	Corporate bond	AAA	Korea Ratings	Current valuation
May 29, 2007	Corporate bond	AAA	Korea Ratings	Regular valuation
June 14, 2007	Corporate bond	AAA	National Information on Credit Evaluation, Inc.	Regular valuation
June 27, 2007	Corporate bond	AAA	Korea Investors Service, Inc.	Regular valuation
November 5, 2007	Corporate bond	AAA	Korea Ratings	Current valuation
November 5, 2007	Corporate bond	AAA	National Information on Credit Evaluation, Inc.	Current valuation
November 5, 2007	Corporate bond	AAA	Korea Investors Service, Inc.	Current valuation
Feb.20, 2008	Corporate bond	AAA	Korea Ratings	Current valuation

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<b>Credit rating date</b>	<b>Subject of valuation</b>	<b>Credit rating</b>	<b>Credit rating entity (Credit rating range)</b>	<b>Evaluation classification</b>
Feb.21, 2008	Corporate bond	AAA	National Information on Credit Evaluation, Inc.	Current valuation
Feb. 21, 2008	Corporate bond	AAA	Korea Investors Service, Inc.	Current valuation
June 3, 2008	Corporate bond	AAA	Korea Ratings	Regular valuation
June 17, 2008	Corporate bond	AAA	Korea Investors Service, Inc.	Regular valuation
June 30, 2008	Corporate bond	AAA	National Information on Credit Evaluation, Inc.	Regular valuation

\* Rating definition: AAA

The certainty of principal and interest payment is at the highest level with extremely low investment risk, and is stable in that there is no influence of any environmental change under reasonable expectation conditions.

(2) Commercial Paper ( CP )

<b>Credit rating date</b>	<b>Subject of valuation</b>	<b>Credit rating</b>	<b>Credit rating entity (Credit rating range)</b>	<b>Evaluation classification</b>
January 3, 2006	CP	A1	National Information on Credit Evaluation, Inc.	Regular valuation
January 4, 2006	CP	A1	Korea Ratings	Regular valuation
June 13, 2006	CP	A1	National Information on Credit Evaluation, Inc.	Current valuation
June 21, 2006	CP	A1	Korea Ratings	Current valuation
June 22, 2006	CP	A1	Korea Investors Service, Inc.	Current valuation
September 1, 2006	CP	A1	Korea Ratings	Regular valuation
December 27, 2006	CP	A1	National Information on Credit Evaluation, Inc.	Regular valuation
December 27, 2006	CP	A1	Korea Investors Service, Inc.	Regular valuation
May 29, 2007	CP	A1	Korea Ratings	Current valuation
June 14, 2007	CP	A1	National Information on Credit Evaluation, Inc.	Current valuation
June 27, 2007	CP	A1	Korea Investors Service, Inc.	Current valuation
November 5, 2007	CP	A1	Korea Ratings	Regular valuation
November 5, 2007	CP	A1		Regular valuation

Date	CP	Rating	Agency	Evaluation Type
November 5, 2007	CP	A1	National Information on Credit Evaluation, Inc.	Regular valuation
June 3, 2008	CP	A1	Korea Investors Service, Inc.	Current valuation
June 16, 2008	CP	A1	Korea Ratings	Current valuation
June 17, 2008	CP	A1	National Information on Credit Evaluation, Inc.	Current valuation
June 17, 2008	CP	A1	Korea Investors Service, Inc.	Current valuation

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

(3) International Credit Ratings

Date of credit rating	Subject of valuation	Credit rating of securities	Credit rating company (Credit rating range)	Evaluation type
July 9, 2007	Global Bonds	A	Fitch (England)	Current valuation
July 9, 2007	Global Bonds	A2	Moody's (U.S.A.)	Current valuation
July 9, 2007	Global Bonds	A	S&P (U.S.A.)	Current valuation

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## 1. Summary Financial Statements (Non Consolidated)

(Unit: in millions of Won)

Classification	As of and for the six months ended	As of and for the year ended December 31,			
	June 30, 2008	2007	2006	2005	2004
<b>Current assets</b>	3,768,829	4,094,059	4,189,325	4,172,485	3,854,345
<b>Quick assets</b>	3,752,936	4,075,378	4,172,887	4,166,500	3,843,384
<b>Inventory</b>	15,893	18,681	16,438	5,985	10,961
<b>Fixed assets</b>	14,200,309	14,038,451	11,624,728	10,349,191	10,166,360
<b>Investments</b>	6,246,555	5,940,045	3,547,942	2,366,760	2,112,488
<b>Tangible assets</b>	4,475,675	4,594,413	4,418,112	4,595,884	4,605,253
<b>Intangible assets</b>	3,022,319	3,174,942	3,405,158	3,386,547	3,448,619
<b>Other non-current assets</b>	455,760	329,051	253,516		
<b>Total assets</b>	17,969,138	18,132,510	15,814,053	14,521,676	14,020,705
<b>Current liabilities</b>	3,358,030	2,484,548	2,985,620	2,747,268	2,859,711
<b>Fixed liabilities</b>	3,702,858	4,221,016	3,522,006	3,516,528	4,033,902
<b>Total liabilities</b>	7,060,888	6,705,564	6,507,626	6,263,796	6,893,613
<b>Capital</b>	44,639	44,639	44,639	44,639	44,639
<b>Capital surplus</b>	2,893,072	2,923,921	2,962,699	2,966,198	2,983,166
<b>Capital adjustment</b>	(-)1,998,452	(-)2,041,578	(-)2,019,568	(-)2,022,817	(-)2,057,422
<b>Accumulated comprehensive income</b>	991,942	1,594,099	473,904		
<b>Retained earnings</b>	8,977,048	8,905,865	7,844,753	7,269,861	6,156,708
<b>Total capital</b>	10,908,250	11,426,946	9,306,427	8,257,881	7,127,091
<b>Sales</b>	5,768,282	11,285,900	10,650,952	10,161,129	9,703,681
<b>Operation income</b>	1,086,943	2,171,543	2,584,370	2,653,570	2,359,581
<b>Ordinary income</b>	946,285	2,307,785	2,021,643	2,554,613	2,115,778
<b>Current net income</b>	680,895	1,642,451	1,446,598	1,871,380	1,494,852

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

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

<b>Six months ended June 30, 2008</b>	<b>Year ended December 31, 2007</b>	<b>Year ended December 31, 2006</b>	<b>Year ended December 31, 2005</b>
Deloitte Anjin LLC	Deloitte Anjin LLC	Deloitte Anjin LLC	Deloitte Anjin LLC

**2. Audit Opinion**

<b>Term</b>	<b>Auditor s opinion</b>	<b>Issues noted</b>
<b>Six months ended June 30, 2008</b>	Appropriate	
<b>Six months ended June 30, 2007</b>	Appropriate	
<b>Year ended December 31, 2007</b>	Appropriate	
<b>Year ended December 31, 2006</b>	Appropriate	

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

(Unit: in thousands of Won)

<b>Term</b>	<b>Auditors</b>	<b>Contents</b>	<b>Fee</b>	<b>Total hours</b>
<b>Six months ended June 30, 2008</b>	Deloitte Anjin LLC	Semi-annual review Quarterly review Non-consolidated financial statements audit Consolidated financial statements audit	1,053,000	11,346
<b>Year ended December 31, 2007</b>	Deloitte Anjin LLC	Semi-annual review Quarterly review Non-consolidated financial statements audit Consolidated financial statements audit	1,066,318	11,468
<b>Year ended December 31, 2006</b>	Deloitte Anjin LLC	Semi-annual review Quarterly review Non-consolidated financial statements audit Consolidated financial statements audit	656,000	7,637



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

(Unit: in thousands of Won)				
<b>Term</b>	<b>Contract date</b>	<b>Service provided</b>	<b>Service period</b>	<b>Fee</b>
<b>Six months ended 2008</b>	November 20, 2007	Set up services for agency tax manual	60 days	48,000
	March 3, 2008	Tax adjustment for fiscal year 2007	10 days	33,000
	May 15, 2008	Tax consulting	5 days	7,500
	June 24, 2008	Foreign tax consulting re indirect taxes	4 days	6,000
	March 20, 2007	Tax adjustment for fiscal year 2006	10 days	30,000
	September 28, 2007	Tax consulting for denial of deductions for corporate income tax	1 day	2,000
<b>Year ended December 31, 2007</b>	September 28, 2007	Review of deferred corporate income tax for 1Q and 2Q	6 days	10,000
	September 28, 2007	Tax consulting	5 days	9,000
	December 31, 2007	Review of deferred corporate income tax for 3Q	2 days	5,000
	December 31, 2007	Tax consulting	3 days	3,000
	January 1, 2006	Tax consulting service for fiscal year 2006	25 days	20,000
	February 7, 2006	Tax training for employees of authorized exclusive dealers	50 days	45,000
	March 31, 2006	Tax adjustment for fiscal year 2005	7 days	27,000
	April 30, 2006	Tax consulting	7 days	45,000
	July 26, 2006	Financial consulting	7 days	40,000
	October 13, 2006	Evaluation of and preparation of recommendations for improvement of subsidiaries financial system infrastructure	10 days	49,500
<b>Year ended December 31, 2006</b>	November 13, 2006	Preparation of responses to the U.S. SEC's comments on the Company's Form 20-F for 2005	10 days	25,500

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**V. MANAGEMENT STRUCTURE**

**1. Summary of Management Structure**

**A. Board of Directors**

(1) Authority of the Board of Directors

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

Prior approval of financial statements

Decisions on issuance of new shares

Long-term borrowings, issuance of corporate bonds and redemptions

Capital transfer of reserves

Election of CEO and representatives

Appointment of executive directors

Establishment, transfer or closure of branches

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

Annual business plan and budgeting

Approval of investments of Won 50 billion or greater or investments that become Won 50 billion or greater through planned budget increases

Planned budget increases and changes for investments or Won 50 billion or greater.

Investments and joint ventures of Won 50 billion or greater. For new investments and joint ventures of Won 30 billion or above.

Establishment of subsidiaries

Guarantees of Won 50 billion or greater

Transactions undertaken with related parties equal to or above the lesser of an amount equivalent to 10% of capital or Won 10 billion, and any material changes to such transactions in accordance with the Anti-trust Law and Fair Trade Act; provided, majority approval of outside directors is required. Prior approval of outside directors as required by Article 45-2 of the Articles of Incorporations is deemed to be obtained, if there is majority approval by outside directors.

Investment by the Company or any of its subsidiaries in foreign corporations or entities, or other foreign assets, equal to or greater than the amount equivalent to 5% of the Company's equity capital according to its latest balance sheet; provided, majority approval of outside directors is required. Prior approval of outside directors as required by Article 45-2 of the Articles of Incorporations is deemed to be obtained, if there is majority approval by outside directors.

Enactment of and amendment to the Internal Trading Procedures

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

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

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

Results for the six months ended June 30 of each year

Execution of investments between Won 5 billion and Won 50 billion

New investments and joint ventures under Won 50 billion

Acquisition of non-operational fixed assets

Disposition of fixed assets of Won 50 billion or above

Matters related to guarantees of under Won 50 billion

Internal trading not subject to approval by the Board of Directors

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

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

a) On February 22, 2008, in the notice of the annual general meeting of shareholders, information on Shin Bae Kim, Young Ho Park, Rak Yong Uhm, Jay Young Chung, Jae Ho Cho, candidates for the Board of Directors, was publicly disclosed.

b) There was no nomination by the shareholders.

(3) Significant Activities of the Board of Directors

<b>Meeting</b>	<b>Date</b>	<b>Agenda</b>	<b>Approval</b>
<b>289<sup>th</sup> (the first meeting of 2008)</b>	January 31, 2008	Financial statements for the year ended December 31, 2007	Approved as proposed
		Annual business report for the year ended December 31, 2007	Approved as proposed
<b>290<sup>th</sup> (the second meeting of 2008)</b>	February 19, 2008	Establishment of Corporate for Convergence Business in USA	Approved as proposed
		Convocation of the 24 <sup>th</sup> General Meeting of Shareholders	Approved as proposed
<b>291<sup>st</sup> (the third meeting of 2008)</b>	March 14, 2008	Issuance of Corporate Bond	Approved as proposed
		Election of the representative director	Approved as proposed
<b>292<sup>nd</sup> (the fourth meeting of 2008)</b>	March 28, 2008	Election of committee members	Approved as proposed
		Proposal to incorporate SK Marketing & Company (provisional name)	Approved as proposed
		Proposal to amend internal regulations	Approved as proposed
		Proposal to participate in capital increase in Cyworld China (Holdings) Limited	Approved as proposed

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<b>Meeting</b>	<b>Date</b>	<b>Agenda</b>	<b>Approval</b>
		Proposal to nominate a candidate for the Independent Non-executive Director Nomination Committee	Approved as proposed
<b>293<sup>rd</sup> (the fifth meeting of 2008)</b>	May 30, 2008	Proposal to create Corporate Citizenship Committee and nominate its candidates	Amended and approved
		Proposal to enter into a contract with TU Media Co., Ltd. regarding satellite utilization fees	Approved as proposed
<b>294<sup>th</sup> (the sixth meeting of 2008)</b>	June 11, 2008	Proposal to sell a stake in SK C&C Co., Ltd.	Approved as proposed
		Proposal for investment in a Beijing office building	Approved as proposed
<b>295<sup>th</sup> (the seventh meeting of 2008)</b>	July 18, 2008	Proposal for investment in Beijing U-City business	Approved as proposed
		Proposal for interim dividend	Approved as proposed
		Proposal for asset management transaction with affiliated company (SK Securities)	Approved as proposed
		Proposal for long-term loan	Approved as proposed

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- (4) Committee Structure and Activities of the Board of Directors  
 a) Independent Non-executive Director Nomination Committee Organization

(As of July 18, 2008)

<b>Number of Persons</b>	<b>Company Directors</b>	<b>Members</b>
4	Shin Bae Kim, Sung Min Ha	<b>Independent Non-executive Directors</b> Rak Yong Uhm, Jae Ho Cho

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

Date	Details	Approval	D.S. Shim (100%)*	H.J. Lim (100%)*
Feb. 19 2008	24 <sup>th</sup> General Meeting of Shareholders: Nomination of Independent Non-executive Director Candidates: Rak Yong Uhm, Jay Young Chung, Jae Ho Cho	<b>Approved</b>	For	For

\* Participation Rate for the Board of Directors Meetings

Date	Details	Approval	R.Y. Uhm (100%)*	J.H. Cho (100%)*
July 18, 2008	Proposal to nominate the Head of Committee	<b>Approved</b>	For	For

b) Compensation Review Committee Organization

(As of March 14, 2008)

<b>Number of Persons</b>	<b>Company Directors</b>	<b>Members</b>
		<b>Independent Non-executive Directors</b>

5 persons

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

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

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## Activities

Date	Details	Approval	Y.W.	D.S.	H.J.	R.Y.	J.Y.	J.H.
			Kim (100%)	Shim (100%)	Lim (100%)	Uhm (100%)	Chung (100%)	Cho (100%)
Mar. 27, 2008	Appointment of Representative Director of the Committee	<b>Approved</b>	For	For	For	For	For	For
Apr. 25, 2008	Discussion of Committee operation methods c) Capex Review Committee Organization		Resigned					

(As of March 14, 2008)

**Number of Persons**  
5 persons

**Company Directors**  
Young Ho Park, Sung Min Ha

**Members**

**Independent Non-executive Directors**  
Rak Yong Uhm, Dal Sup Shim, Jay Young Chung

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

## Activities

Date	Details	Approval	R.Y.	D.S.	J.Y.
			Uhm (100%)	Shim (100%)	Chung (100%)
Apr. 26, 2007	Appointment of Representative Director of the Committee d) Corporate Citizenship Committee Organization	<b>Approved</b>	For	For	For

(As of May 30, 2008)

**Number of Persons**  
5 persons

**Company Directors**  
Young Ho Park, Sung Min Ha

**Members**

**Independent Non-executive Directors**  
Rak Yong Uhm, Hyun Chin Lim, Jay Young  
Chung

\* The Corporate  
Citizenship  
Committee is a



committee  
established by  
the resolution of  
the Board of  
Directors.

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

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

B. Audit System

(1) Establishment and Organization of the Audit Committee

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- a) The Audit Committee is composed of three or more directors. However, independent non-executive directors must account for 2/3 or more, and the members are elected by the resolution of the Board of Directors each year.
  - b) The Audit Committee is convened when deemed necessary by the chairman or is requested by two or more of the committee members.
  - c) The quorum for resolution is majority attendance with majority consent of the attending members.
- (2) Authority of the Audit Committee  
Includes authority to inquire on the subsidiary companies, right to investigate the business operations and asset conditions, and right to request for a business status report pursuant to the Audit Committee Regulations.
- (3) Members of the Audit Committee  
Audit Committee Members are directors Dal Sup Shim, Hyun Chin Lim and Jae Ho Cho.

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## (4) Major Activities of the Audit Committee

<b>Meeting</b>	<b>Date</b>	<b>Agenda</b>	<b>Approval</b>	<b>Remarks</b>
		Audit Report on Internal Monitoring System	Approved as proposed	
<b>The first meeting of 2008</b>	January 31, 2008	2007 Management Audit Results and 2008 Management Audit Plan Financial statements for 24 <sup>th</sup> Fiscal Year Business Report for 24 <sup>th</sup> Fiscal Year 2008 Transactions Plan with SK C&C Co., Ltd. Evaluation of internal accounting controls Results Reports on Review of Internal Accounting Management System		
<b>The second meeting of 2008</b>	February 18, 2008	Reports on 2007 K-GAAP Audit Auditor's Report for Fiscal Year 2007 Evaluation of Internal Accounting Management System Operation Plans for Issuance of Corporate Bonds Proposal to nominate the Head of Committee	Approved as proposed Approved as proposed	
<b>The third meeting of 2008</b>	March 27, 2008	Proposal for 2008 2Q transaction with SK C&C Co., Ltd. Planning for amendment to internal accounting rules Proposal for construction of mobile phone facilities for 2008 Proposal for purchase of mobile phone relay device for 2008	Approved as proposed Approved as proposed	
<b>The fourth meeting of 2008</b>	May 29, 2008	Proposal for entering into an agency agreement with SK Marketing & Company for 2008 Proposal for entering into B2B agreement with TU Media Co., Ltd. Proposal to set auditor fees for 2008 Proposal for renewal of service contract with auditor for 2008 Planning of fiscal year 2008 audit	Approved as proposed Approved as proposed Approved as proposed Approved as proposed	
<b>The fifth meeting of 2008</b>	June 11, 2008	Proposal for 2008 3Q transactions with SK C&C Co., Ltd.	Approved as proposed	
<b>The sixth meeting of 2008</b>	June 26, 2008	Report on results for fiscal year 2008 US GAAP Audit		
<b>The seventh meeting of 2008</b>	July 17, 2008	Interim closing of accounts for six months ended 2008 Planning of interim dividends Planning of asset management transaction with affiliated company (SK Securities)		

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## C. Exercise of Voting Rights by the Shareholders

## (1) Use of the Cumulative Voting System

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

## b) Articles of Incorporation

Article 32 (3) (Election of Directors): Cumulative voting under Article 382-2 of the Commercial Code will not be applied for the election of directors.

Article 4 of the 12<sup>th</sup> Supplement to the Articles of Incorporation (Interim Regulation): Article 32 (3) of the Articles of Incorporation shall remain effective until the day immediately preceding the date of the general shareholders meeting of 2003.

## (2) Use of Written or Electronic Voting System

N/A

## (3) Minority Shareholder Rights

N/A

## D. Compensation of Officers and Others

## (1) Compensation of Directors (including Independent Non-executive Directors) and Members of the Audit Committee

(Unit: in millions of Won)

Classification	Total payment	Total amount approved by the		Average payment per person	Remarks
		Meeting of Shareholders			
Company directors	3,916			979	
Independent non-executive directors	325	12,000		46	Including members of the Audit Committee

## (2) Granting and Exercise of Stock Options

N/A

**Table of Contents****VI. SHARES****1. Distribution of Shares****A. Shareholdings of Major Shareholders and other Related Parties**

(Unit: shares, %)

(As of June 30, 2008)

Name	Relationship	Types of shares	Number of shares owned (equity rate)				Cause		
			Beginning Number of shares	Ownership ratio	Increase Number of shares	Decrease Number of shares		Ending Number of shares	Ownership ratio
<b>SK Corporation</b>	Parent company	Common stock	17,663,127	21.75	1,085,325		18,748,452	23.09	
<b>Tae Won Choi</b>	Officer of affiliated company	Common stock	100	0.00			100	0.00	
<b>Shin Bae Kim</b>	Director	Common stock	1,270	0.00			1,270	0.00	
<b>Bang Hyung Lee</b>	Director	Common stock	400	0.00			400	0.00	
<b>Sung Min Ha</b>	Director	Common stock	738	0.00			738	0.00	
		Common stock	17,665,635	21.75	1,085,325	770	18,750,960	23.09	
<b>Total</b>		Preferred stock	0	0			0	0	
		<b>Total</b>	17,665,635	21.75	1,085,325	770	18,750,960	23.09	

Largest shareholder: SK Corporation

Number of related parties: 4 persons

**B. Shareholders with More than 5% Shareholding**

(As of June 30, 2008)

(Unit: shares, %)

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	<b>Citibank ADR</b>	24,321,893	29.96			24,321,893	29.96
2	<b>SK Corporation</b>	18,748,452	23.09			18,748,452	23.09
3	<b>SK Telecom</b>	8,400,708	10.35			8,400,708	10.35
	<b>Total</b>	51,471,053	63.40			51,471,053	63.40

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## C. Shareholder Distribution

(As of December 31, 2007)

<b>Classification</b>	<b>Number of shareholders</b>	<b>Ratio (%)</b>	<b>Number of shares</b>	<b>Ratio (%)</b>	<b>Remarks</b>
<b>Total minority shareholders</b>	23,320	99.93	25,811,059	31.79	
<b>Minority shareholders (corporate)</b>	1,186	5.08	11,674,791	14.37	
<b>Minority shareholders (individual)</b>	22,134	94.85	14,136,268	17.41	
<b>Largest shareholder</b>	8	0.03	18,751,210	23.09	
<b>Major shareholders</b>					
<b>Other shareholders</b>	8	0.03	36,631,442	45.12	
<b>Other shareholders (corporate)</b>	6	0.03	11,493,465	14.16	
<b>Other shareholders (individual)</b>	2	0.00	25,137,977	30.96	
<b>Total</b>	23,336	100.00	81,193,711	100.00	

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

Types		(Unit: Won, shares)					
		June 2008	May 2008	April 2008	March 2008	Feb. 2008	Jan. 2008
<b>Common share</b>	<b>Highest</b>	201,500	212,000	203,000	189,000	208,000	232,000
	<b>Lowest</b>	180,000	201,500	182,000	178,500	189,000	202,000
<b>Monthly transaction volume</b>		4,990,649	4,105,415	7,309,851	5,634,006	7,839,829	7,121,823

**B. Overseas Securities Market**

Types		(Unit: US\$, ADRs)					
		June 2008	May 2008	April 2008	March 2008	Feb. 2008	Jan. 2008
<b>Depository receipt</b>	<b>Highest</b>	22.24	23.47	22.60	22.17	24.50	27.96
	<b>Lowest</b>	20.67	22.13	21.47	19.90	22.40	23.63
<b>Monthly transaction volume</b>		19,036,416	22,555,764	29,211,514	33,940,940	41,948,620	45,630,627

**VII. EMPLOYEES**

(As of June 30, 2008)

(Unit: persons, in millions of Won)

Classification	Number of employees				Average service year	Total half year wage	Average wage per person	Remarks
	Office managerial positions	Production positions	Others	Total				
<b>Male</b>	3,905			3,905	10.8	123,564	32	
<b>Female</b>	602			602	8.9	15,285	25	
<b>Total</b>	4,507			4,507	10.6	138,849	31	

**Table of Contents****VIII. TRANSACTIONS WITH RELATED PARTIES****1. Transactions with the Largest Shareholder****A. Provisional Payment and Loans (including loans on marketable securities)**

(As of June 30, 2008)

(Unit: in millions of Won)

Name (Corporate name)	Relationship	Account category	Change details			Accrued interest	Remarks
			Beginning	Increase	Decrease		
SK Wyverns	Affiliated company	Long-term and short-term loans	4,132			4,132	185

**B. Equity Investments**

(As of June 30, 2008)

(Unit: in millions of Won)

Name (Corporate name)	Relationship	Types of Investment	Details				Note
			Beginning	Increase	Decrease	Ending	
Hanaro Telecom	Affiliated company	Common share	116,525	1,093,104		1,209,629	
SKT U.S.A. Holdings	Affiliated company	Common share	336,625	58,145		394,770	
SK M&C	Affiliated company	Common share		190,000		190,000	
TU Media	Affiliated company	Common share	96,979	55,000		151,979	
SK Telecom (CHINA) Holding Co., Ltd.	Affiliated company	Common share	19,070	3,031		22,101	
TR Entertainment	Affiliated company	Common share		10,635		10,635	
Cyworld China (Holdings) Ltd.	Affiliated company	Common share		10,272		10,272	
SKT Holdings America Inc.	Affiliated company	Common share	4,050	7,867		11,917	
Wave City	Affiliated company	Common share		1,967		1,967	
Magic Grid	Affiliated company	Common share		7,929		7,929	
OK Cashbag Service	Affiliated company	Common share	316			316	
<b>Total</b>			573,565	1,437,950	316	2,011,199	

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

\* Agents

(Unit: in millions of Won)

Name (Corporate name)	Relationship	Account category	Beginning	Change details		Ending	Accrued interest	Remarks
				Increase	Decrease			
<b>Hong Eun and others</b>	Agency	Long-term and short-term loans	114,959	117,817	55,240	177,536		

\* Overseas investment companies

(Unit: in millions of Won)

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

**B. Equity Investments**

(Unit: in millions of Won)

Name (Corporate name)	Relationship	Types of Investment	Beginning	Details		Ending	Remarks
				Increase	Decrease		
<b>Mobinex. Inc.</b>		Common share		1,894		1,894	
<b>Dreamer-i</b>		Common share		4,499		4,499	
<b>Alereon. Inc.</b>		Common share		3,060		3,060	
<b>Benex Digital Contents</b>				5,000		5,000	
<b>Translink Capital</b>			798	688		1,486	
<b>SIG Investment</b>			1,172	356		1,528	
<b>Century-on IT Investment</b>			1,930		1,930		
<b>Total</b>			3,900	15,497	1,930	17,467	
			30				

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

<b>Date of Disclosure</b>	<b>Title</b>	<b>Report</b>	<b>Reports status</b>
October 26, 2001	Resolution on trust agreement for the acquisition of treasury shares and others	1. Signatories: Shinhan Bank, Hana Bank, Cho Heung Bank, Korea Exchange Bank 2. Contract amount: Won 1,300 billion 3. Purpose: to increase shareholder value	1. On December 24, 2003, cash surplus amount from the existing trust agreement was partially reduced (Won 318 billion). 2. On September 24, 2004, the Board of Directors extended the term of the specified monetary trust agreement for 3 years. 3. On October 16, 2007, the Board of Directors extended the term of the specified monetary trust agreement for 3 years. 4. As of December 31, 2007, the balance of specified monetary trust for treasury shares was Won 982 billion.

**2. Summary Minutes of the Shareholders Meeting**

<b>Date</b>	<b>Agenda</b>	<b>Resolution</b>
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 2. Remuneration limit for Directors 3. Election of Directors Election of executive directors Election of independent non-executive directors as Audit Committee members	Approved (Cash dividend, Won 7,000 per share)  Approved (Won 12 billion)  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 2. Amendment to Articles of incorporation 3. Remuneration limit for Directors 4. Election of Directors Election of executive directors Election of independent non-executive directors Election of independent non-executive directors as Audit Committee members	Approved (Cash dividend, Won 8,400 per share)  Approved Approved (Won 12 billion)  Approved (Shin Bae Kim, Young Ho Park)  Approved (Rak Yong Uhm, Jay Young Chung) Approved (Jae Ho Cho)

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**3. Contingent Liabilities**

**A. Material Legal Proceedings**

(1) Action for Monetary Damages

- a) Parties to the litigation: G.Mate Inc. (plaintiff) vs. the Company (defendant)
- b) Overview: G.Mate alleged that the Company had engaged G.Mate to develop and deliver certain PDA units, but that the Company subsequently refused to take delivery of such units. G.Mate sought approximately Won 4 billion in damages.
- c) Progress: An initial mediation process, which was requested by G.Mate, was terminated in January 2007 and a lawsuit is currently pending before the Seoul Central District Court. On April 13, 2007, seven creditors of G.Mate, including DNF Consulting Co., Ltd., requested intervenient participation as successors to part of the claim. A second appraisal is in process.
- d) Impact on business: In the event that the case is decided against the Company, there is a risk that the Company will be obligated to pay up to Won 4 billion in damages. However, the actual results of the litigation and actual impact on the Company's operations and finances may differ depending on future events.

(2) Action for Monetary Damages

- a) Parties to the litigation: Misook Peon, et al. (plaintiffs, eight in total) vs. the Company (defendant)
- b) Overview: The plaintiffs, who use the Company's mobile telephone services, alleged that the reason a large wireless internet surcharge was imposed on them was because the Company violated its duty to clearly explain contractual provisions. The plaintiffs are seeking damages.
- c) Progress: On October 4, 2007, the trial court awarded the plaintiffs a total of Won 3,707,479 in damages. The Company appealed, and the case is currently pending before the Seoul Central District Court.
- d) Impact on business: In the event that the case is decided against the Company, there is a risk that the National Council of the Green Consumers Network in Korea will bring an additional lawsuit based on this decision by recruiting other plaintiffs. However, the actual results of the litigation and actual impact on the Company's operations and finances may differ depending on future events.

(3) Action for Monetary Damages

- a) Parties to the litigation: KT Corporation (plaintiff) vs. the Company (defendant)
- b) Overview: KT Corporation alleged that the Company unreasonably delayed KT Corporation's request for connection to MSC/HLR, and sought damages for the extra connection fees incurred.
- c) Progress: The plaintiff brought an action against the Company in May 2008 and the lawsuit is currently pending.
- d) Impact on business: In the event that the case is decided against the Company, there is a risk that the Company will be obligated to pay up to Won 44.2 billion in damages. However, the actual results of

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the litigation and actual impact on impact on the Company's operations and finances may differ depending on future events.

- (4) Actions for the Cancellation of Key Communication Business Licenses and Allotment of Satellite DMB Frequency
- a) Parties to the litigation: Korea Multinet (plaintiff) vs. MIC (defendant, the Company is participating in the action on behalf of MIC)
  - b) Overview: Korea Multinet brought an administrative action against MIC to cancel the Company's key communication business licenses and the allotment of the Company's satellite DMB frequency.
  - c) Progress: The Seoul Administrative Court dismissed the claim in July 2006, and Korea Multinet has appealed to the Seoul Appellate Court where the lawsuit is currently pending.
  - d) Impact on business: The Company plans to continue to support the MIC in this action. The actual results of the litigation and actual impact on impact on the Company's operations and finances may differ depending on future events.
- (5) Action for Monetary Damages and Patent Infringement
- a) Parties to the litigation: Keun Woo Lee (plaintiff) vs. the Company (defendant)
  - b) Overview: The plaintiff is the owner of the patent rights to certain webpage searching and advertisement technologies using registration numbers on the Internet. The plaintiff claims that the Company's PAGE+ service (a service that enables customers to connect to websites with certain numbers) infringed upon his patent rights. The plaintiff is seeking Won 500 million in damages and discontinuation of the PAGE+ service.
  - c) Progress: The plaintiff commenced a lawsuit on April 11, 2008 and the lawsuit is currently pending.
- (6) Action for Monetary Damages and Patent Infringement
- a) Parties to the litigation: Yong Sang Kim (plaintiff) vs. the Company (defendant)
  - b) Overview: The plaintiff is the owner of the patent rights to a certain caller status notification system and service method. The plaintiff claims that the Company's Safe Kids, Safe Ting and Safe Family services (services that provide a caller's location for safety purposes) infringed upon his patent rights. The plaintiff is seeking Won 100 million in damages and discontinuation of the said services.
  - c) Progress: The plaintiff commenced a lawsuit on April 24, 2008 and the lawsuit is currently pending.

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***SK TELECOM CO., LTD.***

*NON-CONSOLIDATED FINANCIAL STATEMENTS*

*FOR THE THREE MONTHS AND SIX MONTHS*

*ENDED JUNE 30, 2008 AND 2007*

*AND INDEPENDENT ACCOUNTANTS REVIEW REPORT*

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**Independent Accountants' Review Report**

English Translation of a Report Originally Issued in Korean

To the Stockholders and Board of Directors of

SK Telecom Co., Ltd.

We have reviewed the accompanying non-consolidated balance sheet of SK Telecom Co., Ltd. (the Company) as of June 30, 2008, the related non-consolidated statements of income for the three months and six months ended June 30, 2008 and 2007, and non-consolidated statements of changes in stockholders' equity and cash flows for six months ended June 30, 2008 and 2007, all expressed in Korean won. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews. We conducted our reviews in accordance with standards for review of interim financial statements in the Republic of Korea. Those standards require that we plan and perform the review to obtain moderate assurance as to whether the non-consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data, and this provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

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

We have previously audited, in accordance with auditing standards generally accepted in the Republic of Korea, the non-consolidated balance sheet of the Company as of December 31, 2007, and the related non-consolidated statements of income, appropriations of retained earnings, changes in stockholders' equity and cash flows for the year then ended (not presented herein); and in our report dated January 31, 2008, we expressed an unqualified opinion on those non-consolidated financial statements. The accompanying balance sheet as of December 31, 2007, which is comparatively presented, does not differ in material respects from such audited non-consolidated balance sheet, except for the effects of the adjustments described in Note 2 (b) to the non-consolidated financial statements.

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

Accounting principles and review standards and their application in practice vary among countries. The

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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 financial statements are for use by those knowledgeable about Korean accounting procedures and review standards and their application in practice.

July 25, 2008

**Notice to Readers**

This report is effective as of July 25, 2008, the accountants' review report date. Certain subsequent events or circumstances may have occurred between the accountants' review report date and the time the accountants' review report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modification to the accountants' review report.

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED BALANCE SHEETS**  
**June 30, 2008 AND DECEMBER 31, 2007**

	Korean won		Translation into U.S. dollars	
	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
	(In millions)		(In thousands)	
<b>ASSETS</b>				
<b>CURRENT ASSETS :</b>				
Cash and cash equivalents (Note 12)	₩ 395,967	₩ 575,646	\$ 378,264	\$ 549,910
Short-term financial instruments (Note 19)	77,464	79,360	74,001	75,812
Short-term investment securities (Note 3)	461,852	733,769	441,204	700,964
Accounts receivable trade, net of allowance for doubtful accounts of ₩56,772 million as of June 30, 2008 and ₩59,581 million as of December 31, 2007 (Notes 12 and 21)	1,560,418	1,620,334	1,490,655	1,547,893
Short-term loans, net of allowance for doubtful accounts of ₩1,203 million as of June 30, 2008 and ₩753 million as of December 31, 2007 (Notes 5 and 21)	119,114	74,532	113,789	71,200
Accounts receivable other, net of allowance for doubtful accounts of ₩23,310 million as of June 30, 2008 and ₩23,253 million as of December 31, 2007 (Notes 12 and 21)	976,707	855,062	933,041	816,834
Inventories (Note 2)	15,893	18,681	15,182	17,846
Prepaid expenses	92,607	94,080	88,467	89,874
Current deferred income tax assets, net (Note 16)	43,263	29,688	41,329	28,361
Accrued income and other	25,544	12,907	24,402	12,330
<b>Total Current Assets</b>	<b>3,768,829</b>	<b>4,094,059</b>	<b>3,600,334</b>	<b>3,911,024</b>
<b>NON-CURRENT ASSETS :</b>				
Property and equipment, net (Notes 6, 11, 20 and 21)	4,475,675	4,594,413	4,275,578	4,389,007
Intangible assets, net (Notes 7 and 11)	3,022,319	3,174,942	2,887,198	3,032,998
Long-term financial instruments (Note 19)	19	10,019	18	9,571
Long-term investment securities (Note 3)	4,035,834	5,041,393	3,855,401	4,816,004
Equity securities accounted for using the equity method (Notes 2 and 4)	2,210,702	888,633	2,111,867	848,904
Long-term loans, net of allowance for doubtful accounts of ₩24,112 million as of June 30, 2008 and ₩23,783 million as of December 31, 2007 (Notes 5 and 21)	121,297	76,642	115,874	73,216



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Guarantee deposits (Notes 12 and 21)	132,243	122,209	126,331	116,745
Long-term currency swap (Note 23)	91,244	13,057	87,165	12,473
Long-term interest rate swap (Note 23)	3,104	3,170	2,965	3,028
Long-term deposits and other	107,872	113,973	103,049	108,878
Total Non-Current Assets	14,200,309	14,038,451	13,565,446	13,410,824
<b>TOTAL ASSETS</b>	<b>₩ 17,969,138</b>	<b>₩ 18,132,510</b>	<b>\$ 17,165,780</b>	<b>\$ 17,321,848</b>

(Continued)

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED BALANCE SHEETS (CONTINUED)**  
**June 30, 2008 AND DECEMBER 31, 2007**

	Korean won		Translation into U.S. dollars	
	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
	(In millions)		(In thousands)	
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>				
<b>EQUITY</b>				
<b>CURRENT LIABILITIES :</b>				
Short-term borrowings	₩ 300,000	₩	\$ 286,588	\$
Accounts payable (Notes 12 and 21)	942,877	1,112,659	900,723	1,062,915
Income taxes payable	346,903	314,830	331,394	300,755
Accrued expenses (Note 22)	560,652	374,058	535,587	357,335
Withholdings	308,397	222,653	294,609	212,699
Current portion of long-term debt, net (Notes 8 and 11)	698,791	410,575	667,550	392,219
Current portion of subscription deposits (Note 10)	7,314	7,540	6,987	7,203
Currency swap (Note 23)	180,232	12,646	172,174	12,081
Advanced receipts and other	12,864	29,587	12,289	28,264
<b>Total Current Liabilities</b>	<b>3,358,030</b>	<b>2,484,548</b>	<b>3,207,901</b>	<b>2,373,471</b>
<b>NON-CURRENT LIABILITIES :</b>				
Bonds payable, net (Note 8)	2,192,485	2,281,160	2,094,464	2,179,175
Long-term borrowings (Note 9)	304,340	293,820	290,734	280,684
Subscription deposits (Note 10)	4,929	6,426	4,709	6,139
Long-term payables other, net of present value discount of ₩19,518 million as of June 30, 2008 and ₩27,886 million as of December 31, 2007	300,482	422,114	287,048	403,242
Accrued severance indemnities, net	33,712	22,150	32,205	21,160
Non-current deferred income tax liabilities, net (Note 16)	779,415	1,044,690	744,569	997,984
Long-term currency swap (Note 23)	49,117	110,911	46,921	105,952
Guarantee deposits received and other (Notes 21 and 22)	38,378	39,745	36,662	37,968
<b>Total Non-Current Liabilities</b>	<b>3,702,858</b>	<b>4,221,016</b>	<b>3,537,312</b>	<b>4,032,304</b>
<b>Total Liabilities</b>	<b>7,060,888</b>	<b>6,705,564</b>	<b>6,745,213</b>	<b>6,405,775</b>
<b>STOCKHOLDERS EQUITY :</b>				
Capital stock (Notes 1 and 13)	44,639	44,639	42,643	42,643
Capital surplus (Notes 8 and 13)	2,893,072	2,923,921	2,763,729	2,793,199
Capital adjustments :				

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Treasury stock (Notes 1 and 15)	(1,992,082)	(2,041,483)	(1,903,021)	(1,950,213)
Loss on disposal of treasury stock (Note 15)	(6,370)	(95)	(6,085)	(91)
Accumulated other comprehensive income (loss) (Note 17):				
Unrealized gains on valuation of long-term investment securities, net (Notes 3 and 16)	1,127,274	1,626,689	1,076,876	1,553,964
Equity in other comprehensive loss of affiliates, net (Notes 2, 4 and 16)	(129,102)	(23,072)	(123,330)	(22,041)
Loss on valuation of currency swap, net (Notes 16 and 23)	(8,479)	(11,816)	(8,100)	(11,288)
Gain on valuation of interest swap, net (Notes 16 and 23)	2,250	2,298	2,149	2,195
Retained earnings (Note 14) :				
Appropriated	8,295,037	7,335,037	7,924,185	7,007,105
Unappropriated	682,011	1,570,828	651,521	1,500,600
Total Stockholders' Equity	10,908,250	11,426,946	10,420,567	10,916,073
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>₩ 17,969,138</b>	<b>₩ 18,132,510</b>	<b>\$ 17,165,780</b>	<b>\$ 17,321,848</b>

See accompanying notes to non-consolidated financial statements.

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2008 AND 2007**

	Korean won				Translation into U.S. dollars		
	2008		2007		2008		2007
	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30
	(In millions except for per share data)				(In thousands except for per share data)		
REVENUE (Note 21)	₩ 2,931,263	₩ 5,768,282	₩ 2,842,592	₩ 5,554,323	\$ 2,800,213	\$ 5,510,395	\$ 2,715,500
EXPENSES (Note 21):							
Depreciation and amortization (Notes 6 and 7)	(71,727)	(236,311)	(63,880)	(221,217)	(68,520)	(225,746)	(61,020)
Goodwill impairment	(1,186,779)	(2,235,820)	(990,862)	(1,868,924)	(1,133,721)	(2,135,862)	(946,560)
Intangible asset amortization (Notes 6 and 7)	(403,084)	(783,723)	(410,232)	(771,933)	(385,063)	(748,685)	(391,890)
Network connection	(262,362)	(506,406)	(254,428)	(487,698)	(250,632)	(483,766)	(243,050)
Research and development	(99,918)	(199,831)	(98,475)	(196,263)	(95,451)	(190,897)	(94,070)
Software development	(75,782)	(127,788)	(76,474)	(127,427)	(72,394)	(122,075)	(73,050)
Other	(50,507)	(103,322)	(47,216)	(98,394)	(48,249)	(98,703)	(45,100)
Gain on sale of investment assets	(56,407)	(109,907)	(50,428)	(96,742)	(53,885)	(104,993)	(48,170)
Gain on sale of property and equipment	(40,540)	(81,417)	(40,303)	(81,323)	(38,728)	(77,777)	(38,500)
Gain on disposal of investment assets	(38,856)	(73,358)	(39,424)	(69,989)	(37,119)	(70,078)	(37,660)
Gain on disposal of property and equipment	(16,834)	(38,032)	(16,187)	(26,951)	(16,081)	(36,332)	(15,460)
Gain on disposal of investment assets	(95,516)	(185,424)	(92,454)	(183,249)	(91,246)	(177,133)	(88,320)
	(2,398,312)	(4,681,339)	(2,180,363)	(4,230,110)	(2,291,089)	(4,472,047)	(2,082,880)
NET INCOME	532,951	1,086,943	662,229	1,324,213	509,124	1,038,348	632,620
OTHER INCOME:							
Gain on disposal of investment assets (Note 3)	14,321	40,484	18,057	34,828	13,681	38,674	17,250
Gain on disposal of investment assets		45,868		14,893		43,817	
Gain on disposal of investment assets (Note 21)	3,415	8,370	9,940	22,888	3,262	7,996	9,490
Gain on disposal of investment assets and translation gains	72,336	173,169	222	328	69,102	165,427	21,000
Gain on disposal of investment assets of affiliates (Note 4)	12,133	21,939	11,616	16,295	11,591	20,958	11,090
Provision for doubtful accounts	1,520	138	36	439	1,452	132	300
Gain on disposal of investment assets	14,466	14,467	1,473	1,930	13,819	13,820	1,400
Gain on disposal of property and equipment							
Gain on disposal of investment assets	368	976	1,151	5,718	352	932	1,100
Gain on disposal of investment assets of currency swap (Note 23)	44,744	63,095	10,027	10,027	42,744	60,274	9,570
Gain on disposal of investment assets	10,365	19,824	7,743	18,317	9,901	18,939	7,390
	173,668	388,330	60,265	115,636	165,904	370,969	57,570

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)**  
**FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2008 AND 2007**

	Korean won				Translation into U.S. dollars		
	2008		2007		2008		2007
	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30
	(In millions except for per share data)				(In thousands except for per share data)		
EXPENSES:							
Discounts	₩ 59,835	₩ 115,605	₩ 53,892	₩ 108,411	\$ 57,160	\$ 110,437	\$ 51,483
	(18,499)	(29,421)	(9,281)	(27,576)	(17,672)	(28,106)	(8,866)
Change and translation losses	(21,851)	(43,994)	(308)	(446)	(20,874)	(42,027)	(294)
Amortization of short-term investment (Note 3)	(710)	(2,159)			(678)	(2,062)	
Losses of affiliates (Note 4)	(67,929)	(116,893)	(60,369)	(110,085)	(64,892)	(111,667)	(57,670)
Loss on investment securities			(2,350)	(2,350)			(2,245)
Loss of investment assets	(126)	(6,002)	(6)	(9)	(120)	(5,734)	(6)
Loss of property, equipment and intangibles	(17,065)	(18,054)	(12,502)	(13,778)	(16,302)	(17,247)	(11,943)
Amortization of currency swap (Note 23)	(73,408)	(155,704)		(1,768)	(70,126)	(148,743)	
Research and development cost	(17,947)	(35,895)	(20,420)	(38,187)	(17,145)	(34,290)	(19,507)
	(551)	(5,261)	(4,041)	(5,796)	(527)	(5,025)	(3,860)
	(277,921)	(528,988)	(163,169)	(308,406)	(265,496)	(505,338)	(155,874)
BEFORE INCOME TAX	428,698	946,285	559,325	1,131,443	409,532	903,979	534,319
PROVISION FOR INCOME TAX (Note 16)	(130,688)	(265,390)	(156,051)	(331,859)	(124,845)	(253,525)	(149,074)
NET INCOME	₩ 298,010	₩ 680,895	₩ 403,274	₩ 799,584	₩ 284,687	₩ 650,454	₩ 385,245
NET INCOME PER SHARE							
on and U.S. dollars) (Note 18)	₩ 4,094	₩ 9,357	₩ 5,550	₩ 11,003	\$ 3,911	\$ 8,939	\$ 5,302
NET INCOME PER SHARE							
on and U.S. dollars) (Note 18)	₩ 4,056	₩ 9,261	₩ 5,468	₩ 10,841	\$ 3,875	\$ 8,847	\$ 5,224

See accompanying notes to non-consolidated financial statements

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2008 AND 2007**

	Common stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Total Stockholders equity
<b>(In millions of Korean won)</b>						
Balance, January 1, 2007	₩ 44,639	₩ 2,962,699	(₩ 2,019,568)	₩ 473,904	₩ 7,844,753	₩ 9,306,427
Cumulative effect of change in accounting policies (Notes 2 and 13)		(10,778)		239		(10,539)
Adjusted balance, January 1, 2007	44,639	2,951,921	(2,019,568)	474,143	7,844,753	9,295,888
Cash dividends					(508,672)	(508,672)
Net income					799,584	799,584
Stock options		3,246	(3,246)			
Loss on disposal of treasury stock (Note 15)			337			337
Unrealized gain on valuation of long-term investment securities, net (Notes 3 and 16)				403,043		403,043
Equity in other comprehensive income changes of affiliates, net (Notes 2, 4 and 16)				136,122		136,122
Gain on valuation of currency swap, net (Notes 16 and 23)				3,204		3,204
Gain on valuation of interest swap, net (Notes 16 and 23)				1,457		1,457
Balance, June 30, 2007	₩ 44,639	₩ 2,955,167	(₩ 2,022,477)	₩ 1,017,969	₩ 8,135,665	₩ 10,130,963
Balance, January 1, 2008	₩ 44,639	₩ 2,939,353	(₩ 2,041,578)	₩ 1,589,206	₩ 8,905,865	₩ 11,437,485
Cumulative effect of change in accounting policies (Notes 2 and 13)		(15,432)		4,893		(10,539)
Adjusted balance, January 1, 2008	44,639	2,923,921	(2,041,578)	1,594,099	8,905,865	11,426,946
Cash dividends					(609,712)	(609,712)
Net income		(30,849)			680,895	680,895
						(30,849)

Difference between the acquisition cost and the net book value incurred from the transactions between companies under common control (Notes 2 and 13)						
Treasury stock (Note 15)			49,401			49,401
Loss on disposal of treasury stock (Note 15)			(6,275)			(6,275)
Unrealized loss on valuation of long-term investment securities, net (Notes 3 and 16)				(499,415)		(499,415)
Equity in other comprehensive loss changes of affiliates, net (Notes 2, 4 and 16)				(106,030)		(106,030)
Gain on valuation of currency swap, net (Notes 16 and 23)				3,337		3,337
Loss on valuation of interest swap, net (Notes 16 and 23)				(48)		(48)
Balance, June 30, 2008	₩ 44,639	₩ 2,893,072	(₩ 1,998,452)	₩ 991,943	₩ 8,977,048	₩ 10,908,250



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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2008 AND 2007**

	Common stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Total Stockholders equity
<b>(In thousands of U.S. dollars)</b>						
Balance, January 1, 2007	\$ 42,643	\$ 2,830,244	(\$ 1,929,278)	\$ 452,717	\$ 7,494,032	\$ 8,890,358
Cumulative effect of change in accounting policies (Notes 2 and 13)		(10,296)		228		(10,068)
Adjusted balance, January 1, 2007	42,643	2,819,948	(1,929,278)	452,945	7,494,032	8,880,290
Cash dividends					(485,930)	(485,930)
Net income					763,836	763,836
Stock options		3,101	(3,101)			
Loss on disposal of treasury stock (Note 15)			322			322
Unrealized gain on valuation of long-term investment securities, net (Notes 3 and 16)				385,024		385,024
Equity in other comprehensive income changes of affiliates, net (Notes 2, 4 and 16)				130,036		130,036
Gain on valuation of currency swap, net (Notes 16 and 23)				3,061		3,061
Gain on valuation of interest swap, net (Notes 17 and 25)				1,392		1,392
Balance, June 30, 2007	\$ 42,643	\$ 2,823,049	(\$ 1,932,057)	\$ 972,458	\$ 7,771,938	\$ 9,678,031
Balance, January 1, 2008	\$ 42,643	\$ 2,807,941	(\$ 1,950,304)	\$ 1,518,156	\$ 8,507,705	\$ 10,926,141
Cumulative effect of change in accounting policies (Notes 2 and 13)		(14,742)		4,674		(10,068)
Adjusted balance, January 1, 2008	42,643	2,793,199	(1,950,304)	1,522,830	8,507,705	10,916,073
Cash dividends					(582,453)	(582,453)
Net income		(29,470)			650,454	650,454
						(29,470)

Difference between the acquisition cost and the net book value incurred from the transactions between companies under common control (Note 13)						
Treasury stock (Note 15)			47,192			47,192
Loss on disposal of treasury stock (Note 15)			(5,994)			(5,994)
Unrealized loss on valuation of long-term investment securities, net (Notes 3 and 16)				(477,088)		(477,088)
Equity in other comprehensive loss changes of affiliates, net (Notes 2, 4 and 16)				(101,289)		(101,289)
Gain on valuation of currency swap, net (Notes 16 and 23)				3,188		3,188
Loss on valuation of interest swap, net (Notes 16 and 23)				(46)		(46)
Balance, June 30, 2008	\$ 42,643	\$ 2,763,729	(\$ 1,909,106)	\$ 947,595	\$ 8,575,706	\$ 10,420,567

See accompanying notes to non-consolidated financial statements.

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2008 AND 2007**

	Korean won		Translation into U.S. dollars (Note 2)	
	2008	2007	2008	2007
	(In millions)		(In thousands)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net income	₩ 680,895	₩ 799,584	\$ 650,454	\$ 763,836
Expenses not involving cash payments:				
Provision for severance indemnities	19,961	17,181	19,069	16,413
Depreciation and amortization	848,173	833,321	810,253	796,065
Allowance for doubtful accounts	24,019	26,410	22,945	25,229
Foreign translation loss	41,716	108	39,851	103
Loss on valuation of short-term investment securities	2,159		2,062	
Equity in losses of affiliates	116,893	110,085	111,667	105,163
Impairment loss on investment securities		2,350		2,245
Loss on disposal of investment assets	6,002	9	5,734	9
Loss on disposal of property, equipment and intangible assets	18,054	13,778	17,247	13,162
Loss on valuation of currency swap	155,704	1,768	148,743	1,689
Donations	126		120	
Amortization of discounts on bonds and other	18,315	21,982	17,496	20,999
Sub-total	1,251,122	1,026,992	1,195,187	981,077
Income not involving cash receipts:				
Foreign translation gain	(147,981)	(40)	(141,365)	(38)
Equity in earnings of affiliates	(21,939)	(16,295)	(20,958)	(15,566)
Gain on disposal of investment assets	(14,467)	(1,930)	(13,820)	(1,844)
Gain on disposal of property, equipment and intangible assets	(976)	(5,718)	(932)	(5,462)
Gain on valuation of currency swap	(63,095)		(60,274)	
Other	(1,415)	(635)	(1,353)	(607)
Sub-total	(249,873)	(24,618)	(238,702)	(23,517)

## Changes in assets and liabilities related to operating activities:

Accounts receivable trade	40,644	51,462	38,827	49,161
Accounts receivable other	(125,701)	252,010	(120,081)	240,743
Inventories	2,788	(4,070)	2,663	(3,888)
Prepaid expenses	46,548	30,457	44,467	29,095
Advanced payments and other	(12,627)	(5,176)	(12,062)	(4,945)
Accounts payable	(170,146)	(119,170)	(162,539)	(113,842)
Income tax payable	27,772	7,497	26,530	7,162
Accrued expenses	176,025	(6,996)	168,155	(6,683)
Withholdings	85,744	(76,453)	81,911	(73,035)
Current portion of subscription deposits	(226)	(6,854)	(216)	(6,548)
Advanced receipts and other	(7,792)	(11,218)	(7,443)	(10,715)
Deferred income taxes	(87,780)	(23,358)	(83,856)	(22,314)
Severance indemnities payments	(10,426)	(2,765)	(9,960)	(2,641)
Deposits for group severance indemnities and other deposits	1,697	714	1,621	682
Dividends received from affiliate	6,394	7,134	6,108	6,815
Sub-total	(27,086)	93,214	(25,875)	89,047
Net Cash Provided by Operating Activities	1,655,058	1,895,172	1,581,064	1,810,443

(Continued)

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2008 AND 2007**

	Korean won		Translation into U.S. dollars (Note 2)	
	2008	2007	2008	2007
	(In millions)		(In thousands)	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Cash inflows from investing activities:				
Decrease in short-term financial instruments	₩ 1,896	₩	\$ 1,811	\$
Decrease in long-term financial instruments	10,000	5	9,553	5
Decrease in short-term investment securities, net	270,495		258,402	
Collection of short-term loans	116,412	51,708	111,207	49,396
Collection of long-term loans	2,237		2,137	
Proceeds from sales of long-term investment securities	366,655	3,303	350,263	3,155
Proceeds from sales of equity securities accounted for using the equity method	1,739	900	1,661	860
Decrease in guarantee deposits	6,143	16,479	5,868	15,742
Decrease in other non-current assets	166,632	4,153	159,183	3,968
Proceeds from disposal of property and equipment	2,810	19,996	2,684	19,102
Proceeds from disposal of intangible assets	1	4,136	1	3,951
Sub-total	945,020	100,680	902,770	96,179
Cash outflows for investing activities :				
Acquisition of short-term financial instruments		(25,704)		(24,555)
Acquisition of short-term investment securities, net		(59,750)		(57,079)
Extension of short-term loans	(117,817)	(46,433)	(112,550)	(44,357)
Extension of long-term loans	(90,848)	(62,103)	(86,786)	(59,327)
Acquisition of long-term investment securities	(10,513)	(356,448)	(10,043)	(340,512)
Acquisition of equity securities accounted for using the equity method	(1,442,951)	(53,918)	(1,378,440)	(51,507)
Increase in guarantee deposits and other	(220,803)	(40,506)	(210,931)	(38,695)
Acquisition of property and equipment	(584,930)	(698,023)	(558,779)	(666,816)
Increase in intangible assets	(11,568)	(12,999)	(11,051)	(12,418)
Sub-total	(2,479,430)	(1,355,884)	(2,368,580)	(1,295,266)
Net Cash Used in Investing Activities	(1,534,410)	(1,255,204)	(1,465,810)	(1,199,087)

**CASH FLOWS FROM FINANCING  
ACTIVITIES:**
**Cash inflows from financing activities:**

Proceeds from short-term borrowings	300,000		286,588	
Issuance of bonds	380,042		363,051	
Increase in guarantee deposits received and other	8,230	3,736	7,862	3,569
Proceeds from disposal of treasury stock	42,246		40,357	
<b>Sub-total</b>	<b>730,518</b>	<b>3,736</b>	<b>697,858</b>	<b>3,569</b>

**Cash outflows for financing activities:**

Repayment of current portion of long-term debts	(411,642)	(94,980)	(393,238)	(90,734)
Payment of dividends	(609,747)	(508,639)	(582,487)	(485,899)
Decrease in subscription deposits	(1,496)	(1,497)	(1,429)	(1,430)
Decrease in other non-current liabilities	(7,960)	(7,374)	(7,604)	(7,044)
<b>Sub-total</b>	<b>(1,030,845)</b>	<b>(612,490)</b>	<b>(984,758)</b>	<b>(585,107)</b>
<b>Net Cash Used in Financing Activities</b>	<b>(300,327)</b>	<b>(608,754)</b>	<b>(286,900)</b>	<b>(581,538)</b>

**NET INCREASE IN CASH AND CASH  
EQUIVALENTS**

	(179,679)	31,214	(171,646)	29,818
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>575,646</b>	<b>241,100</b>	<b>549,910</b>	<b>230,321</b>

**CASH AND CASH EQUIVALENTS AT  
END OF THE PERIOD**

	<b>₩ 395,967</b>	<b>₩ 272,314</b>	<b>\$ 378,264</b>	<b>\$ 260,139</b>
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See accompanying notes to non-consolidated financial statements.

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**SK TELECOM CO., LTD.**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2008 AND 2007**

**1. GENERAL**

SK Telecom Co., Ltd. (the Company) was incorporated in March 1984 under the laws of Korea to engage in providing nationwide cellular telephone communication services in the Republic of Korea. The Company's common shares and depositary receipts (DRs) are listed on the Stock Market of Korea Exchange (formerly Korea Stock Exchange) and the New York and London Stock Exchanges, respectively. As of June 30, 2008, the Company's total issued shares are held by the following:

	Number of shares	Percentage of total shares issued (%)
SK Group	18,748,452	23.09
POSCO Corp.	2,341,569	2.88
Institutional investors and other minority shareholders	51,702,982	63.68
Treasury stock	8,400,708	10.35
	81,193,711	100.00

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The non-consolidated financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the Republic of Korea, using the same accounting policies which were adopted in preparing the annual financial statements with the exception of item 2b below:

## a. Basis of Presentation

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

The accompanying financial statements are stated in Korean won, the currency of the country in which the Company is incorporated and operates. The translation of Korean won amounts into U.S. dollar amounts is included solely for the convenience of readers of financial statements and has been made at the rate of ₩1,046.80 to US\$1.00, the Noon Buying Rate in the City of New York for cable transfers in Korean won as certified for customs purposes by the Federal Reserve Bank of New York on the last business day of the period ended June 30, 2008. 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.

## b. Adoption of Amended Statements of Korea Accounting Standards (SKAS)

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The amended SKAS No. 15 Investments in Associates which is effective January 1, 2008, clarifies that parent company share of net income and net assets of investments in associates in the non-consolidated financial statements is required to agree to the parent's proportional shares in the consolidated financial statements except in the case that the application of equity method to the subsidiaries is suspended when the carrying amount of the equity securities of subsidiaries is below zero.

In accordance with the adoption of the amended SKAS No. 15 Investments in Associates, the difference between the additional investments and the Company's proportional shares of the investee's net assets when the ownership increases (decreases) by additional acquisition (disposal) without losing the control over the subsidiaries is recorded as capital surplus, which had been recorded as accumulated other comprehensive income (loss) through end of 2007.

In addition, in the amended SKAS No.15 Investment in Associates, it is applied retroactively. Therefore, the 2007 financial statements presented comparatively are restated, which results in the decrease in equity securities accounted for using the equity method, capital surplus, other comprehensive income of affiliates and other comprehensive loss of affiliates as of December 31, 2007 by ₩10,539 million, ₩15,432 million, ₩7,824 million and ₩12,717 million, respectively.

c. Inventories

Inventories, which consist mainly of replacement units for wireless telecommunication facilities, supplies for sales promotion, and merchandise for e-commerce business are stated at the lower of cost or market value, with cost determined using the moving average method. The Company maintains perpetual inventory system, which is adjusted to physical inventory counts performed at year end. When the market value of inventories is less than the acquisition cost, the carrying amount is reduced to the market value and any difference is charged to current operations as operating expenses. There was no such loss for the three months and six months ended June 30, 2008 and 2007. The Company did not perform physical inventory count at June 30, 2008.

d. Handset Subsidies

Effective April 1, 2008, the Telecommunication Business Act was revised to allow wireless carriers to provide handset subsidies to customers without any restrictions. As a result, 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 payment are made. In case the customers agree to use the Company's service for the predetermined service period and purchase handsets on installment basis, the subsidies are paid every month over the installment period and the Company provides provision for handset subsidies estimated to be paid based on the historical experience (See Note 22).



**Table of Contents****3. INVESTMENT SECURITIES****a. Short-term Investment Securities**

Short-term investment securities as of June 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

		June 30, 2008		December 31, 2007
	Acquisition cost	Fair value	Carrying amount	Fair value and carrying amount
Trading securities (Note a)	₩ 365,041	₩ 361,680	₩ 361,680	₩ 633,911
Current portion of long-term investment securities (Note b)	100,207	100,172	100,172	99,858
Total	₩ 465,248	₩ 461,852	₩ 461,852	₩ 733,769

(Note a) The Company's trading securities are all beneficiary certificates as of June 30, 2008, and the difference between the fair value and acquisition cost was recorded in other expenses as loss on valuation of short-term investment securities.

(Note b) The difference between the fair value and acquisition cost are accounted for as accumulated other comprehensive income in gain (loss) on valuation of

available for  
 sale equity  
 securities [see  
 Note 3.b-(3)].

**b. Long-term Investment Securities**

Long-term investment securities as of June 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

	June 30, 2008	December 31, 2007
Available-for-sale equity securities	₩ 4,028,926	₩ 4,675,021
Available-for-sale debt securities	107,080	466,230
 Total	 4,136,006	 5,141,251
Less; current portion	(100,172)	(99,858)
 Long-term portion	 ₩ 4,035,834	 ₩ 5,041,393

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

Available-for-sale equity securities as of June 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

	June 30, 2008				Carrying amount	
	Number of shares	Percentage (%)	Acquisition cost	Fair value	June 30, 2008	December 31, 2007
<b>(Investments in listed companies)</b>						
Digital Chosunilbo Co., Ltd.	2,890,630	7.8	₩ 5,781	₩ 6,431	₩ 6,431	₩ 8,629
hanarotelecom incorporated KRTnet Corporation					(Note a)	116,525
POSCO	234,150	4.4	1,171	2,119	2,119	2,470
DAEA TI Co., Ltd.	2,481,310	2.8	332,662	1,349,833	1,349,833	1,426,753
(Formerly Comas Interactive Co., Ltd.)	99,120	0.2	1,695	158	158	228
Extended Computing Environment Co., Ltd.	133,333	3.0	10	121	121	905
nTels Co., Ltd.	205,200	6.2	34	822	822	1,525
Qualcomm Inc.	55,805	0.1	2,756	2,584	2,584	2,060
China Unicom Ltd.	899,745,075	6.6	1,333,009	1,742,145	(Note b)	1,936,840
Sub-total			1,677,118	3,104,213	3,104,213	3,495,935
<b>(Investments in non-listed companies)</b>						
LG Powercomm Co., Ltd.	6,000,000	5.0	240,243	89,422	(Note c)	89,422
SK C&C Co., Ltd.	6,000,000	30.0	501,651	775,050	(Note d)	1,037,604
Eonex Technologies Inc.	144,000	12.3	3,600	(Note e)	4,593	4,593
The Korea Economic Daily	2,585,069	13.8	13,964	(Note e)	13,964	13,964
Others			153,794	(Note e)	25,837	16,700
Sub-total			913,252		908,866	1,162,283

**(Investments in funds)**

Others	15,847	(note e)	15,847	16,803
Sub-total	15,847		15,847	16,803
Total	₩ 2,606,217		₩ 4,028,926	₩ 4,675,021

(Note a) In the first quarter of 2008, the Company acquired additional 91,406,249 shares of hanarotelecom incorporated s common stock which increased the Company s ownership from 4.8% to 43.4%. As the Company s ownership in such investees increased to more than 20% and the Company can exercise significant influence, the investment in common stock of hanarotelecom incorporated was reclassified to equity securities accounted for using the equity method from available-for-sale equity securities.

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(Note b) In accordance with the resolution of the Company's board of directors on August 20, 2007, convertible bonds of China Unicom Ltd. were converted into common stock and reclassified to available-for sale equity securities from available-for-sale debt securities.

(Note c) The Company recorded its investments in common stock of LG Powercomm Co., Ltd. at its fair value, which was estimated by assistance of an outside professional valuation company using the present value of expected future cash flows and the unrealized loss on valuation of investments amounting to ₩109,345 million (net of tax effect of ₩41,476 million) as of December 31, 2007 was recorded as accumulated other comprehensive

loss. Based on the opinion of the outside professional valuation company, there was no significant change in LG Powercomm Co., Ltd.'s operation and financial results, which have an effect on the fair value of the common stock for the six months ended June 30, 2008. No additional unrealized loss or recovery on valuation of such investments was recorded accordingly.

(Note d) The investment in common stock of SK C&C Co., Ltd. was reclassified to available-for-sale securities from equity securities accounted for using the equity method during the three months ended December 31, 2007, as SK C&C Co., Ltd. became the ultimate parent company of the Company. The Company recorded its investments in common stock of SK C&C Co., Ltd. at its fair

value, which was estimated with the assistance of an outside professional valuation company using the present value of expected future cash flows and the unrealized gain on valuation of investments totaling ₩310,803 million (net of tax effect of ₩117,891 million) and ₩501,155 million (net of tax effect of ₩190,093 million) as of June 30, 2008 and December 31, 2007, respectively.

(Note e) As a reasonable estimate of fair value could not be made, the investment is stated at acquisition cost. The investment in common stock of Eonex Technologies Inc. was reclassified to available-for-sale securities from equity securities accounted for using the equity method during the year ended December 31, 2003, as the

Company's ownership in such investees decreased to less than 20% and the Company no longer exercises significant influence. Such securities were transferred to available-for-sale securities at the carrying amount valued using the equity method of accounting prior to the reclassification. During the year ended December 31, 2007, the investment in common stock of Pantech Co., Ltd. was reclassified to available-for-sale equity securities from equity securities accounted for using the equity method as the Company no longer exercise significant influence over the investee as a result of Pantech's 20 to 1 stock consolidation which resulted in the decrease in the Company's ownership to 0.5% from 22.7%. In addition, the carrying amount



of the investment  
as of June 30,  
2008 is nil.

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

Available-for-sale debt securities as of June 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

		Acquisition cost	Carrying amount June 30, 2008	December 31, 2007
Public bonds	(Note a)	₩ 51,316	₩ 51,299	₩ 51,341
Currency stabilization bonds	(Note b)	49,981	49,963	49,713
Closed beneficiary certificates (Note c)	October, 2009	4,750	4,818	4,787
Bond-type beneficiary certificates	(Note d)	350,000		359,389
Convertible bonds of Eonex Technologies, Inc. (Note e)	October, 2008	1,000	1,000	1,000
Total		457,047	107,080	466,230
Less: current portion		(100,207)	(100,172)	(99,858)
Long-term available-for-sale debt securities		₩ 356,840	₩ 6,908	₩ 366,372

The interest income incurred from available-for-sale debt securities for the six months ended June 30, 2008 and 2007, and for the three months ended June 30, 2008 and 2007 were ₩2,756 million and ₩2,352 million, ₩1,336 million and ₩1,077 million, respectively.

(Note a) The maturities of public bonds as of June 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

Maturity	June 30, 2008	December 31, 2007
Within one year	₩ 50,209	₩ 50,145
Within five years	1,090	1,196
	₩ 51,299	₩ 51,341

(Note b)

The maturities of currency stabilization bonds as of June 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

	Maturity	June 30, 2008	December 31, 2007
Within five years		₩ 49,963	₩ 49,713

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

(note d) The maturities of bond-type beneficiary certificates as of June 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

	Maturity	June 30, 2008	December 31, 2007
Within five years		₩	₩ 359,389

Bond-type beneficiary certificates (acquisition cost: KRW350,000 million) were all disposed for the three months ended June 30, 2008 and the Company recorded KRW 14,466 million as gain on disposal of investment assets.

(Note e) On October 11, 2006, the Company purchased convertible bonds of Eonex Technologies, Inc. at face value of ₩1,000 million. Such convertible bonds can be converted into 7,142 shares of common stock of Eonex Technologies, Inc. at ₩140,000 per

share during the period from April 1, 2007 to October 11, 2008. Unless either previously redeemed or converted, the notes are redeemable at 106% of the principal amount at maturity. If all such bonds are converted, the Company's equity interest in Eonex Technologies, Inc. will increase to 12.9%.

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

The changes in unrealized gains (losses) on investments in common stock for the six months ended June 30, 2008 and 2007 are as follows (In millions of Korean won):

	For the six months ended June 30, 2008			
	Beginning balance	Increase (decrease)	Transferred to realized gain (loss)	Ending balance
Available-for-sales securities:				
Digital Chosunilbo Co., Ltd.	₩ 2,847	(₩ 2,197)	₩	₩ 650
hanarotelecom incorporated	(5,152)		5,152	
KRTnet Corporation	1,300	(352)		948
POSCO	1,094,091	(76,920)		1,017,171
DAEA TI Co., Ltd. (formerly Comas Interactive Co., Ltd.)	(1,466)	(71)		(1,537)
eXtended Computing Environment Co., Ltd.	895	(784)		111
nTels Co., Ltd.	1,490	(702)		788
Qualcomm Inc. Ltd.	(696)	523		(173)
China Unicom	599,012	(341,959)		257,053
SK C&C Co., Ltd.	691,248	(262,554)		428,694
LG Powercomm Co., Ltd.	(150,820)			(150,820)
Eonex Technologies Inc.	2,011			2,011
Public bonds	(205)	188		(17)
Currency stabilization bonds	(235)	217		(18)
Beneficiary certificates	9,389		(9,389)	

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Sub-total	2,243,709	(684,611)	(4,237)	1,554,861
Less tax effect	(617,020)	188,268	1,165	(427,587)
Total	<del>₩</del> 1,626,689	<del>(₩</del> 496,343)	<del>(₩</del> 3,072)	<del>₩</del> 1,127,274

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For the six months ended June 30, 2007

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

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

Equity securities accounted for using the equity method of accounting as of June 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

	June 30, 2008				Carrying Amount	
	Ownership		Acquisition cost	Net asset value	June 30,	December 31,
	Number of shares	percentage (%)				2008
hanarotelecom incorporated SK Communications Co., Ltd.	102,451,249	43.4	₩1,209,629	₩ 644,465	(Note a) ₩1,202,574	₩
SK Telink Co., Ltd.	28,029,945	64.8	175,441	142,615	154,843	149,850
SK Wyverns Baseball Club Co., Ltd.	943,997	90.8	5,296	103,843	103,843	97,136
Paxnet Co., Ltd.	199,997	100.0	1,000			
Global Credit & Information Co., Ltd.	5,590,452	59.7	26,563	14,576	30,132	30,237
TU Media Corp.	300,000	50.0	2,410	3,306	3,830	3,851
Aircross Co., Ltd.	28,538,064	44.2	151,980	20,115	(Note b) 20,115	5,527
IHQ, Inc.	1,575,000	100.0	2,440	5,010	5,010	5,967
Ntreev Soft Co., Ltd.	14,960,784	37.1	51,846	16,296	32,816	38,911
Baba Club Commerce Planet Co., Ltd.	2,064,970	66.7	33,120	7,062	7,954	13,220
Loen Entertainment, Inc. (formerly Seoul Records, Inc.)					(Note c)	1,733
Harex Info Tech, Inc.	26,396	100.0	14,344	4,289	(Note c) 7,800	6,266
SK Mobile	9,582,321	60.0	27,874	17,352	18,983	21,415
SKT Vietnam PTE Ltd.	225,000	21.2	3,375	417	943	1,118
Skytel Co., Ltd.		42.5	10,322	3,272	3,272	3,272
SK Telecom China Co., Ltd.	180,476,700	73.3	191,273	103,198	103,198	101,412
SK Telecom China Co., Ltd.	1,756,400	26.4	2,159	7,744	7,744	7,797
SK Telecom USA Holdings, Inc.		20.7	3,195	1,222	137	
SK Telecom USA Holdings, Inc.		100.0	7,340	7,157	7,157	7,154
TR Entertainment ULand Company Ltd.	13,542,553	42.2	10,635	2,489	(Note d) 9,850	
SK Telecom International, Inc.	14,100,100	70.1	17,511	4,881	8,997	5,290
SK Telecom International, Inc.	1,000	100.0	394,770	48,696	(Note e) 48,696	63,023
SK Telecom International, Inc.	109	100.0	17,467	29,529	29,529	26,454
		100.0	22,101	25,655	25,655	19,070



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SK Telecom China Holding Co., Ltd.					(Note b)		
SK USA, Inc.	49	49.0	3,184	3,140		3,140	3,140
Helio, LLC & Inc.	794,375	0.5	1,342	116		116	333
Korea IT Fund	190	63.3	190,000	213,901		213,901	210,568
Centurion IT Investment Association					(Note f)		2,463
1st Music Investment Fund of SK-PVC	1,385	69.3	6,925	5,607		5,607	5,607
2nd Music Investment Fund of SK-PVC	1,585	79.3	7,925	8,179		8,179	8,517
SK-KTB Music Investment Fund	297	74.3	14,850	12,490		12,490	13,367
IMM Cinema Fund	120	45.6	12,000	8,307		8,307	9,089
Michigan Global Cinema Fund	40	36.4	4,000	3,542		3,542	3,542
3rd Fund of Isu Entertainment	25	31.3	2,500	1,690		1,690	1,690
SK Marketing & Company Co., Ltd.	5,000,000	50.0	190,000	66,004	(Note g)	66,004	
Cyworld China Holdings	10,500,000	53.8	10,272	3,368	(Note h)	10,272	
Magic Tech Network	4,500	30.0	7,929	7,929	(Note i)	7,929	
Other investments in affiliates			36,447		(Note j)	36,447	21,614
Total			₩2,869,465	₩1,547,462		₩2,210,702	₩ 888,633

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(Note a) During the six months ended June 30, 2008, the Company acquired additional 91,406,249 shares of hanarotelecom incorporated s common stock which increased the Company s ownership from 4.8% to 43.4%. As the Company s ownership in hanarotelecom incorporated increased to more than 20% and the Company can exercise significant influence, the investment in common stock of hanarotelecom incorporated was reclassified to equity securities accounted for using the equity method from available-for-sale equity securities.

(Note b) During the six months ended June 30, 2008, the Company additionally invested ₩55,000 million in TU Media Corp. which increased the Company s ownership from 32.7% to 44.2% and invested ₩3,031 million in

SK Telecom China  
Holding Co., Ltd.

- (Note c) During the six months ended June 30, 2008, Baba Club was merged into Commerce Planet Co., Ltd.
- (Note d) During the six months ended June 30, 2008, the Company acquired 13,542,553 shares of TR Entertainment. As a result, the Company holds 42.2% ownership in TR Entertainment.
- (Note e) In 2005, the Company incorporated SK Telecom USA Holdings, Inc. with an investment of US\$122 million in order to invest in and manage Helio, Inc., a joint venture company in the United States of America, which was established in order to provide wireless telecommunication services in the United States of America. In addition, the Company invested an additional US\$ 60 million and US\$ 19.5 million in SK USA Holdings, Inc. for the six months

ended June 30, 2008 and 2007, respectively.

- (Note f) During the six months ended June 30, 2008, Centurion IT Investment Association was fully liquidated.
- (Note g) During the six months ended June 30, 2008, the Company acquired 5,000,000 shares of SK Marketing & Company Co., Ltd. As a result, the Company holds 50.0% ownership in SK Marketing & Company Co. Ltd.
- (Note h) During the six months ended June 30, 2008, the Company acquired 10,500,000 shares of Cyworld China Holdings. As a result, the Company holds 53.8% ownership in Cyworld China Holdings.
- (Note i) During the six months ended June 30, 2008, the Company acquired 4,500 shares of Magic Tech Network. As a result, the Company holds 30.0% ownership in Magic Tech Network.

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

Details of the changes in investments in affiliates accounted for using the equity method for the three months and six months ended June 30, 2008 and 2007 are as follows (In millions of Korean won):

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		For the six months ended June 30, 2008							
		Beginning balance	Acquisition	Equity in earnings (losses)	Equity in capital surplus and capital adjustments	Capital Surplus	Dividend received	Other increase (decrease)	Ending balance
hanarotelecom incorporated	(Notes a and d)	₩	₩1,093,104	(₩ 11,628)	₩ 4,573	₩	₩	₩116,525	₩1,202,574
SK Communications Co., Ltd.	(Note a)	149,850		(2,409)	7,402				154,843
SK Telink Co., Ltd.	(Notes a and c)	97,136		12,671	(17)		(5,947)		103,843
SK Wyverns Baseball Club Co., Ltd.	(Note b)			(989)					
Paxnet Co., Ltd.	(Notes a and c)	30,237		(65)	407		(447)		30,132
Global Credit & Information Co., Ltd.	(Note b)	3,851		(21)					3,830
TU Media Corp.	(Notes a and g)	5,527	55,000	(9,770)		(30,642)			20,115
Aircross Co., Ltd.	(Note b)	5,967		(939)	(18)				5,010
IHQ, Inc.	(Note a)	38,911		(6,799)	704				32,816
Ntreev Soft Co., Ltd.	(Note a)	13,221		(5,343)	76				7,954
Baba Club	(Notes b and e)	1,733						(1,733)	
Commerce Planet Co., Ltd.	(Notes b and e)	6,266		(199)				1,733	7,800
Loen Entertainment, Inc. (formerly Seoul Records, Inc.)	(Note a)	21,415		711	(3,143)				18,983
Harex Info Tech, Inc.	(note b)	1,118		(175)					943
SK Mobile	(Note b)	3,272							3,272

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SKT Vietnam PTE Ltd.	(Notes a and g)	101,412		(8,998)	10,855	(71)		103,198
Skytel Co., Ltd.	(Note b)	7,797		(52)	(1)			7,744
SK China Company Ltd.	(Note b)			54	83			137
SK Telecom China Co., Ltd.	(Note b)	7,154		3				7,157
TR Entertainment ULand Company Ltd.	(Note a)		10,635	(978)	193			9,850
SK Telecom USA Holdings, Inc.	(Note a)	5,290		2,882	825			8,997
SK Telecom International, Inc.	(Note b)	63,023	58,145	(65,715)	(6,757)			48,696
SK Telecom China Holding Co., Ltd.	(Note a)	26,454		132	2,943			29,529
SK USA, Inc.	(Note b)	19,070	3,031	(1,120)	4,674			25,655
Helio, LLC & Inc.	(Notes a and g)	3,140						3,140
Korea IT Fund	(Note a)	333		(573)	16	340		116
Centurion IT Investment Association	(Note f)	210,568		3,914	(581)			213,901
1st Music Investment Fund of SK-PVC	(Note b)	2,463					(2,463)	
2nd Music Investment Fund of SK-PVC	(Note b)	5,607						5,607
SK-KTB Music Investment Fund	(Note a)	8,517		(338)				8,179
IMM Cinema Fund	(Note a)	13,367		236	(1,113)			12,490
Michigan Global Cinema Fund	(Note b)	9,089		(782)				8,307
3rd Fund of Isu Entertainment	(Note b)	3,542						3,542
SK Marketing & Company Co. Ltd	(Note a)	1,690						1,690
Cyworld China Holdings	(Note b)		190,000	1,336	(125,332)			66,004
			10,272					10,272
			7,929					7,929

Magic Tech Network	(Note b)								
Total		₩867,020	1,428,116	(94,954)	(104,211)	(30,373)	(6,394)	114,062	₩2,174,255
Less: three months ended March 31, 2008			1,205,778	(39,158)	7,144	(30,317)	(6,394)	114,062	
Three months ended June 30, 2008		₩ 222,338	(₩ 55,796)	(₩ 111,355)	(₩ 56)	₩	₩		



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(Note a) Investments were recorded using the equity method of accounting based on unaudited and unreviewed financial statements as of and for the six months ended June 30, 2008. In order to verify the reliability of such unaudited and unreviewed financial statements, the Company has performed the following procedures and found no significant errors:

- i) obtained the signature from the chief executive officer of the equity method investee asserting that the unaudited and unreviewed financial statements are accurate
- ii) checked whether the major transactions identified by the Company, including public disclosures, were appropriately reflected in the

unaudited and  
unreviewed  
financial  
statements

- iii) performed an analytical review on the unaudited and unreviewed financial statements

(Note b) Investments in equity securities are carried using the equity method of accounting based on the financial statements as of December 31, 2007 as information as of June 30, 2008 was not available and the change in the Company's portion of stockholders equity of the investee for the six months ended June 30, 2008 was immaterial.

(Note c) The Company received dividends from SK Telink Co., Ltd. and Paxnet Co., Ltd., which were deducted from the carrying amount of equity method securities.

(Note d) Other increase in investments in hanarotelecom incorporated represents the reclassification from available-for-sale securities to equity

securities accounted for using the equity method.

(Note e) Other increase (decrease) in investments in Commerce Planet Co., Ltd. (Baba Club) resulted from the merger of Baba Club into Commerce Planet Co., Ltd.

(Note f) Other decrease in investments in Centurion IT Investment Association represents the collection of the Company's investment resulted from the full liquidation of Centurion IT Investment Association.

(Note g) The increase (decrease) of capital surplus of TU Media Corp., SKT Vietnam PTE Ltd. And Helio, LLC & Inc. resulted from the difference between the changed amount of investments and net assets proportional to the Company's equity ratio as a result of the change in the Company's ownership percentage of the investees.

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For the six months ended June 30, 2007

	Beginning balance	Acquisition	Equity in earnings (losses)	Equity in surplus and capital adjustments	Dividend received	Other increase (decrease)	Ending balance
SK Communications Co., Ltd.	₩ 167,736		(₩ 12,292)	(₩ 50)	₩	₩	₩ 155,394
SK Telink Co., Ltd.	86,284		4,477	(450)	(4,493)		85,818
SK C&C Co., Ltd.	272,554		6,330	192,585	(1,260)		470,209
STIC Ventures Co., Ltd. (Note a)	8,651		(40)				8,611
Paxnet Co., Ltd.	30,807		(297)	6	(727)		29,789
Global Credit & Information Co., Ltd. (Note a)	3,704		(21)				3,683
TU Media Corp. (Note a)	7,016	32,368	(12,842)	(370)		334	26,506
Aircross Co., Ltd.	1,713	2,139	(235)				3,617
IHQ, Inc.	38,938		(5,873)	199		(2)	33,262
Loen Entertainment, Inc. (formerly Seoul Records, Inc.)	25,995		(2,492)	(291)			23,212
Harex Info Tech, Inc. (Note a)	1,835		(205)				1,630
SK Mobile SLD Telecom PTE Ltd. (Note a)	4,643		(556)	104			4,191
Skytel Co., Ltd. SK China Company Ltd. (Note a)	118,100		(6,254)	(359)			111,487
SK Telecom China Co., Ltd. (Note a)	6,009		169	(355)	(654)		5,169
Uland Company Limited.	93		(112)	19			
SK Telecom USA Holdings, inc.	6,536		(24)				6,512
SK Telecom International, Inc. (Note a)	6,761		(2,110)	145			4,798
SK USA, Inc.	77,786	18,286	(63,997)	206			32,281
Helio, Inc.	25,146		(164)	(118)			24,864
	2,969		48	(1)			3,016
	1,100		(881)			192	409

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Korea IT Fund Centurion IT Investment Association	(Note a)	193,060	5,272	(761)			197,571
1 <sup>st</sup> Music Investment Fund of SK-PVC	(Note a)	3,262	(64)	(477)	(900)		1,821
2 <sup>nd</sup> Music Investment Fund of SK-PVC	(Note a)	7,186					7,186
SK-KTB Music Investment Fund		8,238					8,238
IMM Cinema Fund		15,311	(235)	(1,453)			13,623
Michigan Global Cinema Fund	(Note a)	11,569	(1,391)	27			10,205
3 <sup>rd</sup> Fund of Isu Entertainment	(Note a)	3,773					3,773
		2,419					2,419
<b>Total</b>		<b>₩1,139,194</b>	<b>52,793</b>	<b>(93,789)</b>	<b>188,606</b>	<b>(7,134)</b>	<b>(376) ₩1,279,294</b>
Less: three months ended March 31, 2007			47,227	(45,037)	60,867	(6,480)	(445)
Three months ended June 30, 2007			₩ 5,566	(₩ 48,752)	₩ 127,739	(₩ 654)	₩ 69

(Note a) Investments in equity securities are carried using the equity method of accounting based on the financial statements as of December 31, 2006 as information as of June 30, 2007 was not available and the change in the Company's portion of stockholders

equity of the  
investee for the  
six months  
ended June 30,  
2007 was  
immaterial.

Details of changes in the differences between the acquisition cost and net asset value of equity method

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investees at the acquisition date for the three months and six months ended June 30, 2008 and 2007 are as follows  
(In millions of Korean won):

	For the six months ended June 30, 2008			
	Beginning balance	Increase (decrease)	Amortization	Ending balance
Hanarotelecom incorporated	₩	₩565,174	(₩ 7,064)	₩558,110
SK Communications Co., Ltd.	21,019	(8,005)	(446)	12,568
Paxnet Co., Ltd.	16,091		(536)	15,555
Global Credit & Information Co., Ltd.	545		(21)	524
IHQ, Inc.	19,274		(2,754)	16,520
Ntreev Soft Co., Ltd.	1,282	(92)	(298)	892
Baba Club	2,504	(2,504)		
Commerce Planet Co., Ltd.	3,950		(439)	3,511
Loen Entertainment, Inc. (formerly Seoul Records, Inc.)	2,039		(408)	1,631
Harex Info Tech, Inc.	701		(175)	526
Uland Company Ltd.	4,245		(129)	4,116
TR Entertainment		7,748	(387)	7,361
Cyworld China Holdings		6,904		6,904
<b>Total</b>	<b>₩71,650</b>	<b>569,225</b>	<b>(12,657)</b>	<b>₩628,218</b>
Less three months ended March 31, 2008		560,805	(2,634)	
Three months ended June 30, 2008		₩ 8,420	(₩ 10,023)	
	For the six months ended June 30, 2007			
	Beginning balance	Increase	Amortization	Ending balance
SK Communications Co., Ltd.	₩22,417	₩	(₩ 699)	₩21,718
SK C&C Co., Ltd.	4,464		(203)	4,261
Paxnet Co., Ltd.	17,164		(536)	16,628
Global Credit & Information Co., Ltd.	587		(21)	566
TU Media Corp.	784	9,572	(567)	9,789
IHQ, Inc.	24,780		(2,753)	22,027
Loen Entertainment, Inc. (formerly Seoul Records, Inc.)	2,855		(408)	2,447
Harex Info Tech, Inc.	1,051		(175)	876
SLD Telecom PTE Ltd.	384		(11)	373
Uland Company Limited	4,502		(129)	4,373
Helio, Inc. & LLC		38	(38)	
<b>Total</b>	<b>₩78,988</b>	<b>9,610</b>	<b>(5,540)</b>	<b>₩83,058</b>
Less three months ended March 31, 2007		9,610	(2,557)	

Three months ended June 30, 2007

₩

(₩ 2,983)

Details of changes in unrealized inter-company gains incurred from sales of assets for the three months and  
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six months ended June 30, 2008 and 2007 are as follows (In millions of Korean won):

Subsidiary	For the six months ended June 30, 2008			Ending balance
	Beginning balance	Increase	Decrease	
SK Communications Co., Ltd.	₩ 2,192	₩	(₩ 1,853)	₩ 339
Uland Company Limited.	2,981		(2,981)	
SK China Company Ltd.	1,086			1,086
Total	₩ 6,259		(4,834)	₩ 1,425
Less three months ended March 31, 2008			(4,799)	
Three months ended June 30, 2008		₩	₩ 35	

Details of market price of the equity securities accounted for using the equity method as of June 30, 2008 are as follows (In millions of Korean won, except for market price per share):

	Market price per share	Shares owned by		Market price
	(In Korean won)	the Company		
hanarotelecom incorporated	₩ 7,990	102,451,249		₩818,585
IHQ, Inc.	2,865	14,960,784		42,863
Loen Entertainment, Inc. (formerly Seoul Records, Inc.)	4,770	9,582,321		45,708

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The condensed financial information of the investees as of and for the six months ended June 30, 2008 is as follows (In millions of Korean won):

	Total	Total		Net
	Assets	liabilities	Revenue	income
				(loss)
hanarotelecom incorporated	₩2,673,526	₩1,189,237	₩971,559	(₩ 17,253)
SK Communications Co., Ltd.	303,391	83,377	109,683	(6,119)
SK Telink Co., Ltd.	178,618	64,214	129,901	13,884
Paxnet Co., Ltd.	34,847	10,446	16,408	902
TU Media Corp.	298,347	252,791	54,605	(25,461)
IHQ, Inc.	61,723	17,788	24,415	(10,691)
Ntreev Soft Co., Ltd.	19,962	9,373	6,095	(2,028)
Loen Entertainment, Inc. (formerly Seoul Records, Inc.)	43,148	14,228	15,583	2,551
SKT Vietnam PTE., Ltd.	169,710	28,960	22	(12,696)
TR Entertainment	7,920	2,021		(1,401)
ULand Company Limited	8,000	1,041	1,811	(702)
SK Telecom USA Holdings, Inc.	48,707	12		(69,738)
SK Telecom China Holdings	38,939	13,283	16,614	(1,120)
Helio, LLC & Inc.	165,420	142,604	104,662	(105,045)
Korea IT Fund	338,171	433	13,829	6,180
SKT-KTB Music Investment Fund	17,393	553	400	318
IMM Cinema Fund	18,207		2	(1,714)
SK Marketing & Company Co. Ltd	414,177	282,170	20,850	2,671
Cyworld China Holdings	11,825	5,565	274	(3,782)

**5. LOANS TO EMPLOYEES**

Short-term and long-term loans to employees as of June 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

	June 30, 2008 (Note)			December
	Short-term	Long-term	Total	31,
				2007 (Note)
Loans to employees stock ownership association	₩ 1,422	₩ 60,881	₩ 62,303	₩ 34,816
Loans to employees for housing and other	64	78	142	190
Total	₩ 1,486	₩ 60,959	₩ 62,445	₩ 35,006

(Note) On December 26, 2007 and January 23, 2008, the Company loaned ₩31,017 million

and  
~~₩29,676 million,~~  
respectively, to  
employees' stock  
ownership  
association to  
help fund  
employees'  
acquisition of  
the Company's  
treasury stocks.  
The loan will be  
repaid over a  
period of five  
years, beginning  
on the second  
anniversary of  
each loan date.

**Table of Contents****6. PROPERTY AND EQUIPMENT**

Property and equipment as of June 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

	Useful lives  (years)	June 30, 2008	December 31, 2007
Land		₩ 445,051	₩ 444,252
Buildings and structures	30,15	1,496,434	1,496,535
Machinery	6	12,517,487	12,395,823
Vehicles	4	20,390	22,541
Other	4	969,436	942,375
Construction in progress		451,288	292,134
		15,900,086	15,593,660
Less: accumulated depreciation		(11,424,411)	(10,999,247)
Property and equipment, net		₩ 4,475,675	₩ 4,594,413

The standard value of land declared by the government as of June 30, 2008 and December 31, 2007 are ₩597,857 million and ₩547,524 million, respectively.

Details of change in property and equipment for the three months and six months ended June 30, 2008 and 2007 are as follows (In millions of Korean won):

	Beginning balance	For the six months ended June 30, 2008				Ending balance
		Acquisition	Disposal	Transfer	Depreciation	
Land	₩ 444,252	₩ 61	(₩ 554)	₩ 1,291	₩	₩ 445,050
Buildings and structures	1,054,484	1,207	(863)		(27,967)	1,026,861
Machinery	2,495,252	4,642	(1,705)	290,192	(545,648)	2,242,733
Vehicles	3,196	52	(239)		(911)	2,098
Other	305,095	466,705	(15,133)	(403,492)	(45,530)	307,645
Construction in progress	292,134	112,263	(1,259)	48,150		451,288
Total	₩ 4,594,413	584,930	(19,753)	(63,859)	(620,056)	₩ 4,475,675
Less three months ended March, 31, 2008		276,361	(1,461)	(32,513)	(299,046)	
		₩ 308,569	(₩ 18,292)	(₩ 31,346)	(₩ 321,010)	

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Three months ended  
June 30, 2008

	Beginning balance	For the six months ended June 30, 2007				Ending balance
		Acquisition	Disposal	Transfer	Depreciation	
Land	₩ 462,393	₩ 451	(₩ 14,480)	₩ 1,281	₩	₩ 449,645
Buildings and structures	1,101,232	468	(792)	1,691	(27,913)	1,074,686
Machinery	2,346,517	29,473	(4,360)	552,631	(540,681)	2,383,580
Vehicles	2,341	1,444	(67)		(848)	2,870
Other	374,962	448,178	(12,231)	(438,524)	(47,436)	324,949
Construction in progress	130,667	218,009		(167,750)		180,926
<b>Total</b>	<b>₩4,418,112</b>	<b>698,023</b>	<b>(31,930)</b>	<b>(50,671)</b>	<b>(616,878)</b>	<b>₩4,416,656</b>
Less three months ended March, 31, 2007		288,514	(16,183)	(14,106)	(284,980)	
Three months ended June 30, 2007		₩ 409,509	(₩ 15,747)	(₩ 36,565)	(₩ 331,898)	

**Table of Contents****7. INTANGIBLE ASSETS**

Intangible assets as of June 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

	June 30, 2008			December 31, 2007		
	Acquisition cost	Accumulated amortization	Carrying amounts	Acquisition cost	Accumulated amortization	Carrying amounts
Goodwill	₩ 2,341,625	(₩ 837,318)	₩ 1,504,307	₩ 2,341,625	(₩ 772,378)	₩ 1,569,247
Frequency use rights	1,385,120	(483,084)	902,036	1,385,120	(424,818)	960,302
Software development costs	208,179	(198,851)	9,328	207,173	(194,144)	13,029
Computer software	1,098,553	(544,890)	553,663	1,036,432	(450,858)	585,574
Other	131,163	(78,178)	52,985	120,907	(74,117)	46,790
	₩ 5,164,640	(₩ 2,142,321)	₩ 3,022,319	₩ 5,091,257	(₩ 1,916,315)	₩ 3,174,942

Details of changes in intangible assets for the three months and six months ended June 30, 2008 and 2007 are as follows (In millions of Korean won):

	For the six months ended June 30, 2008					Ending balance
	Beginning balance	Increase	Decrease	Transfer	Amortization	
Goodwill	₩ 1,569,247	₩	₩	₩	(₩64,940)	₩ 1,504,307
Frequency use rights	960,302				(58,266)	902,036
Software development costs	13,029			2,351	(6,052)	9,328
Computer software	585,574	2,479		60,158	(94,548)	553,663
Other	46,790	9,089	(136)	1,553	(4,311)	52,985
Total	₩ 3,174,942	11,568	(136)	64,062	(228,117)	₩ 3,022,319
Less three months ended March 31, 2008		2,351	(92)	32,591	(113,363)	
Three months ended June 30, 2008		₩ 9,217	(₩ 44)	₩ 31,471	(₩ 114,754)	

	For the six months ended June 30, 2007					Ending balance
	Beginning balance	Increase	Decrease	Transfer	Amortization	
Goodwill	₩ 1,692,222	₩	₩	₩	(₩ 64,331)	₩ 1,627,891
Frequency use rights	1,076,833				(58,266)	1,018,567
	40,707			707	(13,734)	27,680

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Software development costs						
Computer software	555,103	5,434	(7)	50,046	(76,776)	533,800
Other	40,294	7,565	(255)	40	(3,336)	44,308
Total	<del>₩</del> 3,405,159	12,999	(262)	50,793	(216,443)	<del>₩</del> 3,252,246
Less three months ended March 31, 2007		3,514	(146)	14,228	(107,361)	
Three months ended June 30, 2007		<del>₩</del> 9,485	( <del>₩</del> 116)	<del>₩</del> 36,565	( <del>₩</del> 109,082)	

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The book value as of June 30, 2008 and residual useful lives of major intangible assets are as follows (In millions of Korean won):

	Amount	Description	Residual useful lives
Goodwill	₩ 1,499,229	Goodwill related to acquisition of Shinsegi Telecomm, Inc.	11 years and 9 months
IMT license	820,613	Frequency use rights relating to W-CDMA Service	(Note a)
WiBro license	75,761	WiBro Service	(Note b)
DMB license	5,662	DMB Service	8 years

(Note a) Amortization of the IMT license commenced when the Company started its commercial IMT 2000 service in December 2003, using the straight-line method over the estimated useful life (13 years) of the IMT license which expires in December 2016.

(Note b) The Company purchased the WiBro license from MIC on March 30, 2005. The license period is seven years from the purchase date. Amortization of the WiBro license commenced when the Company started its commercial WiBro services on June 30, 2006



using the straight  
line basis over  
the remaining  
useful life.

**Table of Contents****8. BONDS PAYABLE**

Bonds payable as of June 30, 2008 and December 31, 2007 are as follows (In millions of Korean won and thousands of U.S. dollars):

	Maturity year	Annual interest rate (%)	June 30, 2008	December 31, 2007
Domestic general bonds	2008	5.0	₩	₩ 300,000
"	2009	5.0	300,000	300,000
"	2010	4.0	200,000	200,000
"	2011	3.0	200,000	200,000
"	2013	4.0	200,000	200,000
"	2014	5.0	200,000	200,000
"	2015	5.0	200,000	
"	2016	5.0	200,000	200,000
"	2018	5.0	200,000	
Dollar denominated bonds (US\$300,000)	2011	4.25	313,020	281,460
Dollar denominated bonds (US\$400,000)	2027	6.63	417,360	375,280
Yen denominated bonds (JPY 12,500,000)	2012	3-month Euro Yen LIBOR rate +0.55 (note)	122,724	104,166
Convertible bonds (US\$229,160)	2009		268,415	268,415
Total			2,821,519	2,629,321
Add (Deduct):				
Discounts on bonds			(61,911)	(46,138)
Conversion right adjustments			(12,908)	(19,665)
Long-term accrued interest			17,256	17,256
Net			2,763,956	2,580,774
Less portion due within one year, net			(571,471)	(299,614)
Long-term portion			₩ 2,192,485	₩ 2,281,160

(Note) The 3-months  
Euro Yen  
LIBOR rate as  
of June 30, 2008  
is 0.93%.

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

On May 27, 2004, the Company issued zero coupon convertible bonds with a maturity of five years in the principal amount of US\$329,450,000 for US\$324,923,469, with an initial conversion price of ₩235,625 per share of the Company's common stock, which was greater than market value at the date of issuance.

Subsequently, the initial conversion price was changed to ₩204,636 per share in accordance with anti-dilution

protection. The Company may redeem the principal amount after 3 years from the issuance date if the market price exceeds 130% of the conversion price during a predetermined period. On the other hand, the bond holders may redeem their notes at 103.81% of the principal amount on May 27, 2007 (3 years from the issuance date). The conversion right may be exercised during the period from July 7, 2004 to May 13, 2009 and the number of common shares to be converted as of June 30, 2008 is 1,317,494 shares. Effective January 1, 2008, the conversion price was changed from ₩211,099 to ₩204,636 and the number of shares to be converted was changed from 1,277,157 shares to 1,317,494 shares due to the payment of annual dividends in accordance with the resolution of the Company's board of directors on January 31, 2008.

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Conversion of notes to common shares may be prohibited under the Telecommunications Law or other legal restrictions which restrains foreign governments, individuals and entities from owning more than 49% of the Company's voting stock, if this 49% ownership limitation is violated due to the exercise of conversion rights. In this case, the Company will pay a bond holder as cash settlement determined at the average price of one day after a holder exercises its conversion right or the weighted average price for the following five business days. The Company intends to sell treasury shares held in trust by the Company that corresponds to the number of shares of common stock that would have been delivered in the absence of the 49% foreign shareholding restrictions. The Company entered into an agreement with Credit Suisse First Boston International to reduce the effect of fluctuation with respect to cash settlement payments that may be more or less than the proceeds from sales of treasury shares held in trust. Unless either previously redeemed or converted, the notes are redeemable at 106.43% of the principal amount at maturity.

During the six months ended June 30, 2008, no conversion was made. During the year ended December 31, 2007, the conversion rights for the convertible bond with a principal amount of US\$75,080,000 were exercised. The Company paid ₩42,962 million in cash to bond holders with a principal amount of US\$36,260,000 without delivering the Company's common stocks due to the 49% ownership limitation as explained above and the convertible bonds with a principal amount of US\$38,820,000 were converted into 216,347 shares of treasury stock (See Note 15). Therefore, the principal amount of the convertible bonds decreased from US\$304,240,000 to US\$229,160,000. In addition, the consideration for conversion right (capital surplus) decreased by ₩11,116 million (net of tax effect of ₩4,216 million).

**9. LONG-TERM BORROWINGS**

Long-term borrowings as of June 30, 2008 and December 31, 2007 are as follows (In millions of Korean won and thousands of U.S. dollars):

	Lender	Final maturity year	Annual interest rate (%) (Note)	June 30, 2008	December 31, 2007
Long-term floating rate discount bill	Shinhan Bank	June 29, 2010	91 days CD yield + 0.25%	₩ 200,000	₩ 200,000
Long-term floating rate borrowings	Calyon Bank	October 10, 2013	6M LIBOR + 0.29%	US\$ 50,000	US\$ 50,000
"	DBS Bank	"	"	US\$ 25,000	US\$ 25,000
"	SMBC	"	"	US\$ 25,000	US\$ 25,000
Total				US\$ 100,000 ₩ 200,000	US\$ 100,000 ₩ 200,000
Equivalent in Korean won				₩ 304,340	₩ 293,820
Less current portion					
Long-term borrowings				₩ 304,340	₩ 293,820

The above long-term floating rate discount bill is classified as long-term borrowing as the borrowing is to be rolled-over exceeding 1 year from June 30, 2008 in accordance with the loan agreement.

(Note) At June 30, 2008, the 91 days CD yield and the 6M LIBOR rate are 5.37% and 3.15%, respectively.

**Table of Contents****10. SUBSCRIPTION DEPOSITS**

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

Long-term subscription deposits held as of June 30, 2008 and December 31, 2007 are as follows (In millions of Korean won except deposit per subscriber amounts):

	Service type	Deposit per subscriber	June 30, 2008	December 31, 2007
Cellular		₩ 200,000	₩ 4,929	₩ 6,426

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

**11. LEASES**

The Company acquired certain computer equipment and software from SK C&C Co., Ltd. and succeeded certain capital lease agreements made between SK C&C Co., Ltd. and HP Financial Service before FY 2007. As all capital lease agreements expired during the six months ended June 30, 2008, there are no capital lease assets or liabilities as of June 30, 2008. In addition, details of capital lease assets acquired and liabilities assumed from SK C&C Co., Ltd. as of and for the six months ended June 30, 2008 and as of and for the year ended December 31, 2007 are as follows (In millions of Korean won):

		June 30, 2008	December 31, 2007
Acquisition cost	Office equipment	₩	₩ 8,271
	Computer software		5,728
		₩	₩ 13,999
Accumulated depreciation	Office equipment	₩	₩ 6,509
	Computer software		2,387
		₩	₩ 8,896
Carrying amounts	Office equipment	₩	₩ 1,761
	Computer software		3,342
		₩	₩ 5,103

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Depreciation expenses	Office equipment	₩	₩	1,970
	Computer software			1,146
		₩	₩	3,116

There are no lease liabilities as of June 30, 2008 and the Company's minimum future lease payments as of December 31, 2007 are as follows (In millions of Korean won):

	Annual lease payments	Interest	Principal
2008	₩ 1,664	₩ 22	₩ 1,642
Less portion due within one year			(1,642)
Capital lease liabilities			₩

**Table of Contents****12. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES**

The details of monetary assets and liabilities denominated in foreign currencies (except for bonds payable and long-term borrowings denominated in foreign currencies described in Notes 8 and 9, respectively) as of June 30, 2008 and December 31, 2007 are as follows (In millions of Korean won, thousands of U.S. dollars, thousands of HK dollars, thousands of Japanese yen, thousands of Great Britain pounds, thousands of Singapore dollars, thousands of Swiss Franc, thousands of Euros and thousands of Chinese yuan):

	June 30, 2008		December 31, 2007	
	Foreign currencies	Korean won equivalent	Foreign currencies	Korean won equivalent
Cash and cash equivalents	US\$ 9,908	₩ 10,338	US\$ 357,039	₩ 334,974
"	EUR 8	13	EUR 117	162
Accounts receivable trade	US\$ 5,468	5,705	US\$ 4,164	3,906
"	EUR 103	170	EUR 248	303
"	CNY 5,620	855	CNY 5,620	722
Accounts receivable other	US\$ 965	1,006	US\$ 965	905
Guarantee deposits	US\$ 8	8	US\$ 12	11
"	JPY 17,397	170	JPY 16,912	141
		₩ 18,265		₩ 341,124
Accounts payable	US\$ 9,523	₩ 9,937	US\$ 22,552	₩ 21,159
"	JPY 38,606	379	JPY 16,954	138
"	HK\$ 97	13	HK\$ 248	14
"	GBP 3	6	GBP 931	1,461
"	SG\$ 1	1	SG\$ 27	18
"	EUR 224	369	EUR 588	1,750
"			CHF 250	208
"	CNY 2	1	CNY 2	1
		₩ 10,706		₩ 24,749

**13. CAPITAL STOCK AND CAPITAL SURPLUS**

The Company's capital stock consists entirely of common stock with a par value of ₩500. The number of authorized and issued shares as of June 30, 2008 and December 31, 2007 are as follows:

	June 30, 2008	December 31, 2007
Authorized shares	220,000,000	220,000,000
Issued shares	81,193,711	81,193,711
Outstanding shares, net of treasury stock	72,793,003	72,584,677



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Significant changes in capital stock and capital surplus for the six months ended June 30, 2008 and for the year ended December 31, 2007 are as follows (In millions of Korean won except for share data):

	Number of shares  issued	Capital stock	Capital surplus
At January 1, 2007	81,193,711	₩ 44,639	₩ 2,962,699
Transferred from stock options in capital adjustment (Note a)			3,246
Consideration for conversion right (Note b)			(11,116)
Offset against capital surplus by equity security accounted for using the equity method (Note c)			(15,476)
Cumulative effect of change in accounting policies (Note d)			(15,432)
At December 31, 2007	81,193,711	44,639	2,923,921
Difference between the acquisition cost and the net book value incurred from the transactions between companies under common control (Note e)			(30,849)
At June 30, 2008	81,193,711	₩ 44,639	₩ 2,893,072

(Note a) During the year ended December 31, 2007, the exercisable period for the stock options representing 65,730 shares, for which the Company recognized compensation costs of ₩3,246 million, expired and the related stock options of ₩3,246 million in capital adjustments were transferred to capital surplus in accordance with

Korean GAAP.

(Note b) During the year ended December 31, 2007, the conversion rights for the convertible bonds with a face value of US\$75,080,000 were exercised and the capital surplus amount (in connection with the related conversion rights) decreased by ~~₩~~11,116 million (net of tax effect of ~~₩~~4,216 million).

(Note c) During the year ended December 31, 2007, the Company acquired Ntreev Soft Co., Ltd.'s common stock from IHQ, Inc. a subsidiary of the Company. The difference between the acquisition cost and the net book value of Ntreev Soft Co., Ltd. amounting to ~~₩~~15,476 million was offset against the Company's capital surplus.

(Note d) The capital surplus as of December 31, 2007, decreased by ~~₩~~15,432

million in  
accordance with  
the retroactive  
adoption of the  
amended SKAS  
No.15 Investment  
in Associates [see  
Note 2 (a)].

(Note e) In accordance  
with the adoption  
of the amended  
SKAS No.15  
Investment in  
Associates [see  
Note 2(a)], the  
difference is  
recorded as  
capital surplus  
rather than  
accumulated other  
comprehensive  
income.

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

The details of appropriated retained earnings as of June 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

	June 30, 2008	December 31, 2007
Legal reserve	₩ 22,320	₩ 22,320
Reserve for improvement of financial structure		33,000
Reserve for loss on disposal of treasury stock	255,984	255,984
Reserve for research and manpower development	872,595	872,595
Reserve for business expansion	6,344,138	6,151,138
Reserve for technology development	800,000	
Total	₩ 8,295,037	₩ 7,335,037

a. Legal Reserve

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

b. Reserve for Improvement of Financial Structure

The Financial Control Regulation for listed companies in Korea requires that at least 10% of net income (net of accumulated deficit), and an amount equal to net gain (net of related income taxes, if any) on the disposal of property and equipment be appropriated as a reserve for improvement of financial structure until the ratio of stockholders' equity to total assets reaches 30%. However, this regulation was abolished during the year ended December 31, 2007 and no such requirement exists as of June 30, 2008.

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

Reserves for loss on disposal of treasury stock and research and manpower development were appropriated in order to recognize certain tax deductible benefits through the early recognition of future expenditures for tax purposes. These reserves will be reversed from appropriated retained earnings in accordance with the relevant tax laws. Such reversal will be included in taxable income in the year of reversal.

d. Reserve for Business Expansion and Technology Development

The reserve for business expansion and technology and development are voluntary and were approved by the board of directors and stockholders.

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

Upon issuances of stock dividends and new common stock, and the merger with Shinsegi Telecomm, Inc. and SK IMT Co., Ltd., the Company acquired fractional shares totaling 77,970 shares for ₩6,110 million through 2006. In addition, the Company acquired 8,584,445 shares of treasury stock in the market or through the trust funds for ₩2,040,995 million through 2006 in order to stabilize the market price of its stock. In addition, the Company retired 1,083,000 shares of common stock in accordance with Korean Commercial law, which were acquired by the Company in 2006 at ₩208,077 million. As a result of these transactions, retained earnings decreased by ₩209,077 million. In addition, the losses on disposal of treasury stock decreased by ₩337 million for the six months ended June 30, 2007 to reflect the change in accumulated temporary differences related to treasury stocks based on the prior year tax return.

In addition, for the year ended December 31, 2006 and 2007, treasury stock of 136,163 shares and 216,347 shares with carrying value totaling ₩32,178 million and ₩51,199 million, respectively, were issued to the convertible bond holders at their execution of conversion rights. As a result of these transactions, loss on disposal of treasury stock of ₩7,887 million and gain on disposal of treasury stock of ₩1,414 million was reported for the year ended December 31, 2006 and 2007, respectively.

From November 9, 2007 through December 31, 2007, the Company acquired 471,000 shares of treasury stock for ₩118,511 million in order to stabilize the market price of its stock in accordance with a resolution of the Board of Directors on November 2, 2007. In addition, on December 26, 2007 and January 23, 2008, treasury stock of 171,871 shares and 208,326 shares with carrying value totaling ₩40,756 million and ₩49,401 million, respectively, were sold to the employees' stock ownership association. As a result of these transactions, loss on disposal of treasury stock decreased by ₩6,042 million for the three months ended December 31, 2007 and increased by ₩6,275 million for the six months ended June 30, 2008.

**Table of Contents****16. INCOME TAX**

## a. Details of income tax expense

Income tax expense for the three months and the six months ended June 30, 2008 and 2007 consists of the following (In millions of Korean won):

	2008	2007
Current	₩ 353,170	₩ 355,217
Deferred (Note a)	(87,780)	(23,358)
Income tax expense	265,390	331,859
Less three months ended March 31,	(134,702)	(175,808)
Three months ended June 30,	₩ 130,688	₩ 156,051

(Note a) Changes in net deferred tax liabilities for the six months ended June 30, 2008 and 2007 are as follows (In millions of Korean won):

	2008	2007
Ending balance of net deferred tax liabilities	₩ 736,151	₩ 669,410
Beginning balance of net deferred tax liabilities	(1,015,002)	(490,341)
Adjustment to the beginning net deferred income tax liabilities based on tax return filed	3,945	3,444
Tax effect of temporary differences charged or credited directly to related components of stockholders' equity	187,126	(205,871)
Deferred income tax expense	(₩ 87,780)	(₩ 23,358)

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- b. An explanation of the relationship between income tax expense and accounting income before income tax expense for the six months ended June 30, 2008 and 2007 are as follows (in millions of Korean won) :

	2008	2007
Income before income tax	₩ 946,285	₩ 1,131,443
Income tax expense at statutory income tax rate (14.3% of taxable income less than ₩100 million and 27.5% of taxable income exceeding ₩100 million)	260,215	311,134
Differences (Note)	5,175	20,725
Income tax expense	₩ 265,390	₩ 331,859
Effective tax rates	28.05%	29.33%
(Note) Differences:		
Permanent difference	₩ 17,064	₩ 22,420
Changes in deferred income tax assets (liabilities) recognized related to equity method investment securities	20,128	31,729
Tax credit for investment	(36,396)	(45,490)
Other tax credits	(831)	(2,608)
Sur tax on exempted income	6,629	8,360
Additional income tax (tax refund) for prior periods	(1,419)	6,220
Other		94
	₩ 5,175	₩ 20,725

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

Changes in cumulative temporary differences for the six months ended June 30, 2008 and 2007, and deferred tax assets and liabilities as of June 30, 2008 and 2007 are as follows (In millions of Korean won):

For the six months ended June 30, 2008

Description	January 1, 2008	Increase (Note a)	Decrease (Note a)	June 30, 2008
Current:				
Allowance for doubtful accounts	₩ 31,907	₩ 69,343	₩ 28,460	₩ 72,790
Accrued interest income	(5,024)	(3,333)	(5,024)	(3,333)
Bad debt	115,926	4,472	298	120,100
Accrued expenses	92,536	4,613	9,383	87,766
Other	1,168	22,643	15,257	8,554
Total	236,513	97,738	48,374	285,877
Temporary differences unlikely to be realized	(128,555)			(128,555)
Total current cumulative temporary differences net	107,958	₩ 97,738	₩ 48,374	157,322
Current deferred tax assets net (Note b)	₩ 29,688			₩ 43,263
Non-current:				
Property and equipment	(₩ 155,202)	₩ 1,478	(₩ 31,261)	(₩ 122,463)
Loss on impairment of long-term investment securities	138,363			138,363
Loss on impairment of other long-term assets	2,651	3,948	2,651	3,948
Reserves for research and manpower development	(550,000)		(100,000)	(450,000)
Reserves for loss on disposal of treasury stock	(255,984)		(127,992)	(127,992)
Equity in losses (earnings) of affiliates	92,160	97,519		189,679
Equity in capital adjustment of affiliates	27,229		(99,675)	126,904
Unrealized loss on valuation of long-term investment securities (other comprehensive income)	(2,243,709)	(6,079)	(694,928)	(1,554,860)
Accrued severance indemnities	39,538	8,709	1,759	46,488
Deposits for severance indemnities	(38,706)	(112)	(1,759)	(37,059)
Loss on valuation of currency swap	22,503	155,704	63,095	115,112
Loss on valuation of currency swap (other comprehensive income)	24,249		65,003	(40,754)
	(3,170)	66		(3,104)



Loss on valuation of interest rate swap (other comprehensive income)				
Gain on conversion of convertible bonds	(373,140)			(373,140)
Considerations for conversion right	(19,665)			(19,665)
Long-term accrued interest	17,256			17,256
Other	44,962	(33,525)	(39,544)	50,981
Total	(3,230,665)	227,708	(962,651)	(2,040,306)
Temporary differences unlikely to be realized	(568,208)		225,722	(793,930)
Total non-current cumulative temporary differences net	(3,798,873)	<del>₩</del> 227,708	<del>(₩</del> 736,929)	(2,834,236)
Total non-current deferred tax liabilities net (Note b)				<del>(₩</del> 779,415)
	( <del>₩</del> 1,044,690)			

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

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

For the six months ended June 30, 2007

Description	January 1, 2007	Increase (Note a)	Decrease (Note a)	June 30, 2007
Current:				
Allowance for doubtful accounts	₩ 50,824	₩ 29,186	₩ 43,975	₩ 36,035
Accrued interest income	(4,574)	(4,510)	(4,576)	(4,508)
Accrued expenses	56,001	1,950	29,350	28,601
Other	172,169	(556)	5,686	165,927
Total	274,420	26,070	74,435	226,055
Temporary differences unlikely to be realized	(128,555)			(128,555)
Total current cumulative temporary differences net	145,865	₩ 26,070	₩ 74,435	97,500
Current deferred tax assets net (Note b)	₩ 40,113			₩ 26,813
Non-current:				
Property and equipment	(₩ 188,535)	(₩ 1,413)	(₩ 18,315)	(₩ 171,633)
Loss on impairment of long-term investment securities	108,145	28,182		136,327
	971	3,508	971	3,508

Loss on impairment of other long-term assets				
Reserves for research and manpower development	(760,000)		(105,000)	(655,000)
Reserves for loss on disposal of treasury stock	(255,984)			(255,984)
Equity in losses (earnings) of affiliates	114,214	88,483		202,697
Equity in capital adjustment of affiliates	(123,206)	(189,051)		(312,257)
Unrealized loss on valuation of long-term investment securities (other comprehensive income)	(563,477)	(543,972)	11,949	(1,119,398)
Accrued severance indemnities	20,058	11,838	714	31,182
Deposits for severance indemnities	(20,058)	(3,837)	(714)	(23,181)
Loss on valuation of currency swap	22,502	840		23,342
Loss on valuation of currency swap (other comprehensive income)	24,249		1,067	23,182
Loss on valuation of interest rate swap (other comprehensive income)	454		2,009	(1,555)
Considerations for conversion right	(62,131)		(5,148)	(56,983)
Other	24,564	9,516	2,181	31,899
Total	(1,658,234)	(595,906)	(110,286)	(2,143,854)
Temporary differences unlikely to be realized	(270,688)	(2,472)	114,706	(387,866)
Total non-current cumulative temporary differences net	(1,928,922)	(₩ 598,378)	₩ 4,420	(₩ 2,531,720)
Total non-current deferred tax liabilities net (Note b)	(₩ 530,454)			(₩ 696,223)

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

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

Deferred tax assets and liabilities before offsetting each other as of June 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

	June 30, 2008			December 31, 2007		
	Current	Non-current	Sub-total	Current	Non-current	Sub-total
Deferred tax assets	₩ 52,821	₩ 53,019	₩ 105,840	₩ 32,346	₩ 3,521	₩ 35,867
Deferred tax liabilities	(9,558)	(832,434)	(841,992)	(2,658)	(1,048,211)	(1,050,869)
Deferred tax assets (liabilities), net	₩ 43,263	(₩ 779,415)	(₩ 736,152)	₩ 29,688	(₩ 1,044,690)	(₩ 1,015,002)

- d. Deferred tax assets (liabilities) added to (deducted from) capital surplus, capital adjustments or accumulated other comprehensive income (loss)  
Deferred tax assets (liabilities) added to (deducted from) capital surplus, capital adjustments or accumulated other comprehensive income (loss) as of June 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

	June 30, 2008	December 31, 2007
Gains on disposal of treasury stock	(₩ 35,460)	(₩ 36,339)
Considerations for conversion right	(12,869)	(12,869)
Differences between the acquisition cost and the net book value incurred from the transactions between companies under common control	(476)	
Unrealized loss on valuation of long-term investment securities	(427,587)	(617,020)
Equity in capital adjustment of affiliates, net	(2,190)	(727)

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Loss on valuation of currency swap	5,403	6,668
Loss on valuation of interest rate swap	(854)	(872)
Total	(₩ 474,033)	(₩ 661,159)

**Table of Contents****17. COMPREHENSIVE INCOME**

Details of comprehensive income for the three months and six months ended June 30, 2008 and 2007 are as follows (In millions of Korean won):

For the six months ended June 30, 2008

	For the three months ended		For the six months ended	
	Profit and loss effect	Tax effect	Profit and loss effect	Tax effect
Net income	₩ 298,010		₩ 680,895	
Other comprehensive income (loss):				
Unrealized gain on valuation of long-term investment securities, net	(63,782)	₩ 24,193	(499,415)	₩ 189,433
Equity in capital adjustments of affiliates, net	(112,141)	(786)	(106,031)	(1,463)
Loss on valuation of currency swap, net	10,296	(3,905)	3,337	(1,265)
Loss on valuation of interest swap, net	2,213	(839)	(48)	18
Sub total	(163,414)	₩ 18,663	(602,157)	₩ 186,723
Comprehensive income	₩ 134,596		₩ 78,738	

For the six months ended June 30, 2007

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

**Table of Contents****18. NET INCOME PER SHARE**

The Company's net income and ordinary income per share amounts for the three months and six months ended June 30, 2008 and 2007 is computed as follows (In millions of Korean won, except for per share income per share):

Net income and ordinary income per share

	For the three months ended		For the six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Net income and ordinary income	₩ 298,010	₩ 403,274	₩ 680,895	₩ 799,584
Weighted average number of common shares outstanding	72,793,003	72,667,459	72,767,821	72,667,459
Net income and ordinary income per share	₩ 4,094	₩ 5,550	₩ 9,357	₩ 11,003

Net income and ordinary income per share for the year ended December 31, 2007 ~~₩~~22,607 and net income and ordinary income per share for the three months ended March 31, 2008 and 2007 is ~~₩~~5,264 and ~~₩~~5,454, respectively.

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The weighted average numbers of common shares outstanding for the three months and six months ended June 30, 2008 and 2007 are calculated as follows:

	Number of shares	Weighted number of days	Weighted number of shares
For the three months ended June 30, 2008			
Outstanding common stocks at January 1, 2008	81,193,711	91 / 91	81,193,711
Treasury stocks at January 1, 2008	(8,609,034)	91 / 91	(8,609,034)
Disposal of treasury stock	208,326	91 / 91	208,326
<b>Total</b>	<b>72,793,003</b>		<b>72,793,003</b>
For the six months ended June 30, 2008			
Outstanding common stocks at January 1, 2008	81,193,711	182 / 182	81,193,711
Treasury stocks at January 1, 2008	(8,609,034)	160 / 182	(8,609,034)
Disposal of treasury stock	208,326	160 / 182	183,144
<b>Total</b>	<b>72,793,003</b>		<b>72,767,821</b>
	Number of shares	Weighted number of days	Weighted number of shares
For the three months ended June 30, 2007			
At April 1, 2007	81,193,711	91 / 91	81,193,711
Treasury stock, at the beginning	(8,526,252)	91 / 91	(8,526,252)
<b>Total</b>	<b>72,667,459</b>		<b>72,667,459</b>
For the six months ended June 30, 2007			
At January 1, 2007	81,193,711	181 / 181	81,193,711
Treasury stock, at the beginning	(8,526,252)	181 / 181	(8,526,252)
<b>Total</b>	<b>72,667,459</b>		<b>72,667,459</b>

Diluted net income and ordinary income per share amounts for the three months and six months ended June 30, 2008 and 2007 is computed as follows (In millions of won, except for share data):

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

	For the three months ended	For the six months ended
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	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Adjusted net income and ordinary income	₩ 300,613	₩ 406,583	₩ 686,075	₩ 806,099
Adjusted weighted average number of common shares outstanding	74,110,497	74,356,301	74,085,315	74,356,301
Diluted net income and ordinary income per share	₩ 4,056	₩ 5,468	₩ 9,261	₩ 10,841

Diluted net income and ordinary income per share for the year ended December 31, 2007 was ₩22,289 and diluted net income and ordinary income per share for the three months ended March 31, 2008 and 2007 is ₩5,205 and ₩5,373, respectively.

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Adjusted net income and ordinary income per share and the adjusted weighted average number of common shares outstanding for the three months and six months ended June 30, 2008 and 2007 are calculated as follows:

	For the three months ended		For the six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Net income and ordinary income	₩ 298,010	₩ 403,274	₩ 680,895	₩ 799,584
Effect of convertible bonds (Note a)	2,603	3,309	5,180	6,515
Adjusted net income and ordinary income	₩ 300,613	₩ 406,583	₩ 686,075	₩ 806,099
Weighted average number of common shares outstanding	72,793,003	72,667,459	72,767,821	72,667,459
Effect of convertible bonds (Note a)	1,317,494	1,688,842	1,317,494	1,688,842
Adjusted weighted average number of common shares outstanding	74,110,497	74,356,301	74,085,315	74,356,301

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

**19. RESTRICTED CASH AND CASH EQUIVALENTS**

As of June 30, 2008, the Company has guarantee deposits restricted for checking accounts totaling ₩19 million and deposits restricted for a charitable trust for the public totaling ₩10,000 million of which due date is February 8, 2009.

**20. INSURANCE**

As of June 30, 2008, certain Company's assets are insured with local insurance companies as follows (In millions of Korean won and thousands of U.S. dollars):

Insured	Risk	Carrying value	Coverage
Property and equipment	Fire and comprehensive liability	₩3,400,862	US\$ 56,115 ₩7,999,522

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

**Table of Contents****21. RELATED PARTY TRANSACTIONS**

As of June 30, 2008 and December 31, 2007, the parent company and subsidiaries of the Company are as follows:

**a. Holding company and subsidiaries**

Type	Company	Ownership percentage (%)	Types of business
Ultimate parent company	SK C&C Co., Ltd.	28.1 (Note a)	Information technology and software production
Parent company	SK Holdings Co., Ltd. (formerly SK Corporation)	21.8 (Note b)	Manufacturing and selling petrochemicals
Subsidiary	hanarotelecom, inc.	43.4	Internet website services and telecommunication service
"	SK Communications Co., Ltd.	64.8	Internet website services
"	SK Telink Co., Ltd.	90.8	Telecommunication service
"	SK Wyverns Baseball Club Co., Ltd.	100.0	Business related sports
"	PAXNet Co., Ltd.	59.7	Internet website services
"	Global Credit & Information Co., Ltd.	50.0	Credit and collection services
"	TU Media Corp.	44.2	Digital multi media broadcasting service
"	Aircross Co., Ltd.	100.0	Wireless marketing related business
"	IHQ, Inc.	37.1	Entertainment management
"	Ntreev Soft Co., Ltd.	66.7	Game software production
"	Commerce Planet Co., Ltd.	100.0	Cosmetic wholesale
"	Loen Entertainment, Inc. (Formerly Seoul Records, Inc.)	60.0	Release of music disc
"	SKT Vietnam PTE Ltd.	73.3	Telecommunication service
"	SK Telecom China Co., Ltd.	100.0	Telecommunication service
"	ULand Company Ltd.	70.1	Network and mobile value added service
"	SK Telecom USA Holdings, Inc.	100.0	Telecommunication service
"	SK Telecom International Inc.	100.0	Telecommunication service
"	Helio, Inc.	0.5	Corporation management
"	The First Music Investment Fund of SK-PVC	69.3	Investment association
"	The Second Music Investment Fund of SK-PVC	79.3	Investment association
"	SK-KTB Music Investment Fund	74.3	Investment association
"	IMM Cinema Fund	45.6	Investment association
"	Michigan Global Cinema Fund	36.4	Investment association
"	SK Cyberpass Inc.	70.5 (Note c)	Telecommunication service
"	CU Media Co., Ltd. (Formerly YTN Media Inc.)	51.4 (Note c)	Broadcasting program production
"	SK I-Media Co., Ltd.	60.0 (Note c)	Game software production
"	Helio, LLC	69.0 (Note c)	Telecommunication service

(Note a) The ownership percentage represents ultimate parent company's ownership over the parent company.

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

(Note c) The ownership percentage represents subsidiaries ownership over their subsidiaries, in which the Company has no direct investment.

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

Significant related party transactions for the three months and six months ended June 30, 2008 and 2007, and account balances as of June 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

**b-(1) Transactions**

	For three months ended June 30, 2008			For six months ended June 30, 2008		
	Purchases of property and equipment	Commissions paid and other expenses	Commissions earned and other income	Purchases of property and equipment	Commissions paid and Other expenses	Commissions earned and other income
Ultimate parent company:						
SK C&C Co., Ltd.	₩ 30,111	₩ 46,811	₩ 1,872	₩ 41,325	₩ 96,366	₩ 4,043
Parent Company:						
SK Holdings Co., Ltd. (formerly SK Corporation)		156	91		306	168
Subsidiaries:						
hanarotelecom, inc.		4,475	16,591		4,475	16,591
SK Communications Co., Ltd.		8,790	1,881		12,601	3,616
SK Telink Co., Ltd.	26	3,416	6,810	41	6,979	13,738
SK Wyverns Baseball Club Co., Ltd.		4,500			9,800	
PAXNet Co., Ltd.		1,645	25		3,202	49
Global Credit & Information Co., Ltd.		11,604	328		22,699	647
TU Media Corp.		727	8,278	32	2,007	26,546
Aircross Co., Ltd.		5,041	430	35	8,858	664
SK Telecom International Inc.		2,860			2,860	
Helio, LLC			192			405
Others	840	28,674	727	840	35,861	3,326
Equity Method Investees:						
SK Marketing & Company Co Ltd.		5,838	2,448		5,838	2,448
Others	113	1,917		127	2,497	
Others:						
SK Energy Co., Ltd.		3,331	2,088		8,050	3,190
SK Engineering & Construction Co., Ltd.	41,845	2,429	553	49,639	2,623	1,292

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SK Networks Co., Ltd.	254	190,794	3,668	2,456	397,401	6,959
Innoace Co., Ltd.	1,918	1,979	47	2,063	3,553	94
SK Telesys Co., Ltd.	20,739	1,727	57	63,658	2,048	149
Others	998	8,967	1,100	1,061	21,157	2,219
Total	₩96,844	₩ 335,681	₩ 47,186	₩ 161,277	₩ 649,181	₩ 86,144

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



Total	₩ 204,153	₩ 305,407	₩ 35,565	₩ 320,069	₩ 550,572	₩ 70,499
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**Table of Contents****b-(2) Account balances**

	As of June 30, 2008					
	Accounts receivable	Short-term loans	Long-term loans	Guarantee deposits	Accounts payable	Guarantee deposits received
Ultimate parent Company:						
SK C&C Co., Ltd.	₩ 176	₩	₩	₩	₩ 40,054	₩ 346
Parent Company:						
SK Holdings Co., Ltd. (formerly SK Corporation)	33					
Subsidiaries:						
hanarotelecom, Inc.	162			60	1	2,062
SK Communications Co., Ltd.	3,277				6,375	5,606
SK Telink Co., Ltd.	1,028				577	1,205
SK Wyverns Baseball Club Co., Ltd.		575	3,557			
PAXNet Co., Ltd.	11				608	150
Global Credit & Information Co., Ltd.	8				1,449	
TU Media Corp.	4,286				221	3,083
Aircross Co., Ltd.	1,153				3,105	276
IHQ, Inc.					742	
Ntreev Soft Co., Ltd.					9	
Commerce Planet Co., Ltd. (Formerly Philio Co., Ltd.)	527				2,483	
Loen Entertainment, Inc. (Formerly Seoul Records, Inc.)	5				3,903	
SKT Vietnam PTE Ltd.	5,769					
SK Telecom China Co., Ltd.	722					
Helio, LLC & Inc.	595				9	
Others	5				1,048	
Equity Method Investees:						
SK Marketing & Company Co Ltd.	15				2,872	248
Others	210				30	
Others:						
SK Energy Co., Ltd.	511			140	1,025	
SK Engineering & Construction Co., Ltd.	262				236	1,076
SK Networks Co., Ltd.	632			112	81,959	3,489
Innoace Co., Ltd.					2,968	2,444
SK Telesys Co., Ltd.	16				11,079	
Others	858			900	3,395	
Total	₩ 20,261	₩ 575	₩ 3,557	₩ 1,212	₩ 164,148	₩ 19,985



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As of December 31, 2007

	Accounts receivable	Short-term loans	Long-term loans	Guarantee deposits	Accounts payable	Guarantee deposits received
Ultimate parent Company: SK C&C Co., Ltd.	₩ 320	₩	₩	₩	₩ 131,029	₩ 346
Parent Company SK Holdings Co., Ltd. (formerly SK Corporation)	726					
Subsidiaries:						
SK Communications Co., Ltd.	1,214				12,317	5,606
SK Telink Co., Ltd.	947				414	1,197
SK Wyverns Baseball Club Co., Ltd.	334	575	3,557			
PAXNet Co., Ltd. Global Credit & Information Co., Ltd.					614	150
TU Media Corp.	6,225				7,051	
Aircross Co., Ltd.	2,659				10,487	3,016
IHQ, Inc.	38				3,699	255
Ntreev Soft Co., Ltd.	18				2,008	
Commerce Planet Co., Ltd.	38				3,640	
Loen Entertainment, Inc. (Formerly Seoul Records, Inc.)	59				2,168	
SKT Vietnam PTE Ltd.	1,507				1,077	
SK Telecom China Co., Ltd.	684					
Helio, Inc.	719					
Others					2,117	
Equity Method Investees:						
Others	208				304	
Others:						
SK Energy Co., Ltd.	1,169			134	4,380	248
SK Engineering & Construction Co., Ltd.	310				8,075	1,135
SK Networks Co., Ltd.	1,158			112	69,337	3,432
Innoace Co., Ltd.					5,672	2,291
SK Telesys Co., Ltd.	28				29,286	
Others	545				7,861	
Total	₩ 18,906	₩ 575	₩ 3,557	₩ 246	₩ 301,536	₩ 17,676



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

The Company considers registered directors who have substantial roles and responsibility for planning, operating, and controlling of the business as key management, and the considerations given to the key management for the three months and six months ended June 30, 2008 and 2007 are as follows (In millions of Korean won):

Payee	For the three months ended June 30, 2008			For the six months ended June 30, 2008		
	Payroll	Severance indemnities	Total	Payroll	Severance indemnities	Total
7 Registered directors (including outside directors)	₩ 299	₩ 74	₩ 373	₩ 3,832	₩ 409	₩ 4,241

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

**22. PROVISION**

## a. Provision for point program

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

Details of change in the provisions for such mileage points for the six months ended June 30, 2008 and 2007 are as follows (In millions of Korean won):

	June 30, 2008 (Note a)	June 30, 2007 (Note a)
Beginning balance	₩ 27,668	₩ 52,593
Increase	4,240	3,888
Decrease (used points)	(6,742)	(5,424)
Decrease (reversal of provision for mileage points)		(24,009)
Ending balance	₩ 25,166	₩ 27,048

(Note a) Effective  
January 1,

2005, pursuant  
to adoption of  
SKAS No.17,  
Points  
provision is  
recorded at the  
present value.

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Points expire after 5 years. The expected year when unused points as of Jun 30, 2008 are expected to be used and the respective estimated monetary amount to be paid in a given year are as follows (In millions of Korean won):

Expected usage for the year ended June 30,	Estimated amount to be paid in nominal value (Note b)	Current value (Note b)
2009	₩ 11,272	₩ 10,569
2010	7,398	6,504
2011	4,879	4,022
2012	3,238	2,503
2013	2,164	1,568
Ending balance	₩ 28,951	₩ 25,166

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

b. Provision for handset subsidy

The Company provides provision for handset subsidies to be provided to the subscribers who purchase handsets on installment basis [refer to Note 2.(d)]. Such provision was recorded as accrued expenses and details of change in the provision for handset subsidies for the six months ended June 30, 2008 are as follows (In millions of Korean won):

	June 30, 2008
Beginning balance	₩
Increase (Provision)	86,532
Decrease (subsidy payment)	(9,643)
Ending balance	₩ 76,889

## 23. DERIVATIVE INSTRUMENTS

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



The Company has entered into a fixed-to-fixed cross currency swap contract with Citibank, BNP Paribas and Credit Suisse First Boston International to hedge the foreign currency risk of unguaranteed U.S. dollar denominated bonds with face amounts totaling US\$300,000,000 at annual fixed interest rate of 4.25% issued on April 1, 2004. As of June 30, 2008, in connection with unsettled foreign currency swap contract to which the cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to ₩12,233 million (net of tax effect totaling ₩5,368 million and foreign exchange translation gain arising from unguaranteed U.S. dollar denominated bonds totaling ₩31,516 million) was accounted for as accumulated other comprehensive loss.

In addition, the Company has entered into a floating-to-fixed cross currency swap contract with Calyon bank to hedge the foreign currency risk and the interest rate risk of U.S. dollar denominated long-term borrowings with face amounts totaling US\$100,000,000 borrowed on October 10, 2006. As of June 30, 2008, in connection with unsettled cross currency interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to ₩2,141 million (net of tax effect totaling ₩218 million and foreign exchange translation loss arising from U.S. dollar denominated long-term borrowings totaling ₩9,540 million) was accounted for as accumulated other comprehensive loss.

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In addition, the Company has entered into a floating-to-fixed cross currency swap contract with HSBC and SMBC Bank to hedge the foreign currency risk and the interest rate risk of unguaranteed Japanese yen denominated bonds with face amounts totaling JPY12,500,000,000 issued on November 13, 2007. As of June 30, 2008, in connection with unsettled cross currency interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated gain on valuation of derivatives amounting to ₩5,895 million (net of tax effect totaling ₩183 million and foreign exchange translation loss arising from unguaranteed Japanese yen denominated bonds totaling ₩18,817 million) was accounted for as accumulated other comprehensive income.

- b. Interest rate swap contract to which the cash flow hedge accounting is applied

The Company has entered into a floating-to-fixed interest rate swap contract with Shinhan Bank to hedge the interest rate risk of floating rate discounted bill with face amounts totaling ₩200,000 million borrowed on June 29, 2006. As of June 30, 2008, in connection with unsettled interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated gain on valuation of derivatives amounting to ₩2,250 million (net of tax effect totaling ₩854 million) was accounted for as accumulated other comprehensive income.

- c. Currency swap contract to which the fair value hedge accounting is applied

The Company has entered into a fixed-to-fixed cross currency swap contract with Hana Bank and other eight banks to hedge the foreign currency risk of U.S. dollar denominated equity securities of China Unicom. In connection with unsettled foreign currency swap contract to which the fair value hedge accounting is applied, loss on valuation of currency swap of ₩155,704 million for the six months ended June 30, 2008 was charged to current operations.

- d. Currency swap contract to which the hedge accounting is not applied

The Company has entered into a fixed-to-fixed cross currency swap contract with Credit Suisse First Boston International to hedge foreign currency risk of unguaranteed U.S. dollar denominated convertible bonds with face amounts of US\$329,450,000 issued on May 27, 2004. In connection with unsettled fixed-to-fixed cross currency swap contract to which the hedge accounting is not applied, gain on valuation of currency swap of ₩11,244 million and loss on valuation of currency swap of ₩840 million for the six months ended June 30, 2008 and 2007 were charged to current operations.

In addition, the Company has entered into fixed-to-fixed cross currency swap contract with Morgan Stanley Bank and two other banks 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. In connection with unsettled foreign currency swap contract to which the hedge accounting is not applied, gain on valuation of currency swap of ₩51,851 million for the six months ended June 30, 2008 was charged to current operations.

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As of June 30, 2008, fair values of above derivatives recorded in assets or liabilities and details of derivative instruments as of June 30, 2008 are as follows (In thousands of U.S. dollars, H.K. dollars, Japanese yen and millions of Korean won):

Type	Hedged item	Amount	Duration of contract	Designated as cash flow hedge	Fair value		Total
					Designated as fair value hedge	Not designated	
<b>Non-current assets:</b>							
Fix-to-fixed cross currency swap	U.S. dollar denominated bonds	US\$ 400,000	Jul. 20, 2007 ~ Jul. 20, 2017	₩	₩	₩ 59,168	₩ 59,168
Floating-to-fixed cross currency interest rate swap	Japanese yen denominated bonds	JPY 12,500,000	Nov. 13, 2007 ~ Nov. 13, 2012	24,895			24,895
Floating-to-fixed cross currency interest rate swap	U.S. dollar denominated long-term borrowings	US\$ 100,000	Oct. 10, 2006 ~ Oct. 10, 2013	7,181			7,181
Floating-to-fixed Interest rate swap	Long-term floating rate discounted bill	₩ 200,000	Jun. 29, 2006 ~ Jun. 29, 2010	3,104			3,104
<b>Total assets</b>				₩ 35,180	₩	₩ 59,168	₩ 94,348
<b>Current liabilities:</b>							
Fix-to-fixed cross currency swap	U.S. dollar denominated China Unicom Equity Securities	HK\$ 10,940,900	Sep. 11, 2007 ~ Sep. 16, 2008	₩	₩ 168,350	₩	₩ 168,350
Fix-to-fixed cross currency swap	U.S. dollar denominated convertible bond	US\$ 100,000	May 27, 2004 ~ May 27, 2009			11,882	11,882

**Non-current liabilities:**

Fix-to-fixed cross currency swap	U.S. dollar denominated bonds	US\$	300,000	Mar. 23, 2004 ~ Apr. 1, 2011	49,117	49,117
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<b>Total liabilities</b>					₩ 49,117	₩ 168,350	₩ 11,882	₩ 229,349
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**24. COMMITMENTS**

On June 27, 2008, the Company entered into an agreement to acquire equity interest of Virgin Mobile USA in exchange for the equity interest in Helio LLC held by SKT USA Holdings Inc., a wholly owned subsidiary of the Company. In accordance with the agreement, SKT USA Holdings Inc. will invest US\$25 million to acquire 2,941,176 shares of convertible preferred stock of Virgin Mobile USA. As a result, the Company will have 17% of equity interest in Virgin Mobile USA.

There is a possibility that the above agreement will not be executed if the agreement is not approved by the American authorities concerned or the preceding conditions of contract are not fulfilled.

**25. STATEMENTS OF CASH FLOWS**

The statements of cash flows are prepared using the indirect method.

During the six months ended June 30, 2007, there are no significant non-cash transactions. Significant non-cash transactions for the six months ended June 30, 2008 are as follows (In millions of Korean won):

Transfer from convertible bonds to current portion of long-term debt	₩272,763
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**26. SUBSEQUENT EVENTS**

a. Interim dividend

On July 18, 2008, the board of directors of the Company resolved to pay interim cash dividends of ₩1,000 per share totaling ₩72,793 million. The ex-dividend date was June 30, 2008 and the interim dividends are expected to be paid within twenty days after the date of the board of directors' resolution.

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**Forward-Looking Statement Disclaimer**

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

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**SIGNATURES**

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

**SK Telecom Co., Ltd.**

*(Registrant)*

By: /s/ Tae Jin Park

*(Signature)*

NameTae Jin Park

Title: Senior Vice President

Date: September 18, 2008