

SK TELECOM CO LTD
Form 6-K
June 14, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934
FOR THE MONTH OF June 2013
COMMISSION FILE NUMBER 333-04906

SK Telecom Co., Ltd.

(Translation of registrant's name into English)

11, Euljiro2-ga, Jung-gu

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Seoul 100-999, Korea

(Address of principal executive offices)

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

Form 20-F Form 40-F

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

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

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

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

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

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

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QUARTERLY BUSINESS REPORT

(From January 1, 2013 to March 31, 2013)

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

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

ALL REFERENCES TO THE COMPANY, WE, US, OR OUR SHALL MEAN SK TELECOM CO., LTD. AND, UNLESS THE CONTEXT OTHERWISE REQUIRES, ITS CONSOLIDATED SUBSIDIARIES. REFERENCES TO SK TELECOM SHALL MEAN SK TELECOM CO., LTD., BUT SHALL NOT INCLUDE ITS CONSOLIDATED SUBSIDIARIES.

UNLESS EXPRESSLY STATED OTHERWISE, ALL INFORMATION CONTAINED HEREIN IS PRESENTED ON A CONSOLIDATED BASIS IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS ADOPTED FOR USE IN KOREA (K-IFRS) WHICH DIFFER IN CERTAIN RESPECTS FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN CERTAIN OTHER COUNTRIES, INCLUDING THE UNITED STATES. WE HAVE MADE NO ATTEMPT TO IDENTIFY OR QUANTIFY THE IMPACT OF THESE DIFFERENCES.

Table of Contents**I. COMPANY OVERVIEW****1. Company Overview**

Starting in the first quarter of 2011, the Company prepares and reports its financial statements under K-IFRS. The transition date of the Company and its consolidated subsidiaries to K-IFRS is January 1, 2010 and the adoption date is January 1, 2011. The Company's quarterly business report for the quarter ended March 31, 2013 includes the following consolidated subsidiaries:

| Name | Date of Establishment | Principal Business | Total Assets as of Dec. 31, 2012 (millions of Won) | Material Subsidiary* |
|---|-----------------------|---|--|----------------------|
| SK Telink Co., Ltd. | Apr. 9, 1998 | Telecommunication services | 241,977 | Material |
| SK Communications Co., Ltd. | Sep. 19, 1996 | Internet portal and other Internet information services | 265,819 | Material |
| Loen Entertainment, Inc. | Jul. 7, 1982 | Music and audio publication | 173,079 | Material |
| Stonebridge Cinema Fund | Sep. 30, 2005 | Investment partnership | 10,965 | |
| Commerce Planet Co., Ltd. | Jul. 1, 1997 | Information technology and computer services | 34,007 | |
| SK Broadband Co., Ltd. | Sep. 26, 1997 | Multimedia and IP TV services | 3,035,657 | Material |
| K-net Culture and Contents Venture Fund | Nov. 24, 2008 | Investment partnership | 43,779 | |
| Hwaitec Focus Investment Partnership 2 | Dec. 12, 2008 | Investment partnership | 22,547 | |
| Open Innovation Fund | Dec. 22, 2008 | Investment partnership | 43,394 | |
| PS&Marketing Co., Ltd. | Apr. 3, 2009 | Resale of telecommunication services | 317,613 | Material |
| Service Ace Co., Ltd. | Jul. 1, 2010 | Call center operation and telemarketing services | 48,956 | |
| Service Top Co., Ltd. | Jul 1, 2010 | Call center operation and telemarketing services | 43,332 | |
| Network O&S Co., Ltd. | Jul. 1, 2010 | Wireless telecommunication services | 165,818 | Material |
| BNCP Co., Ltd. | Dec. 7, 2009 | Software development | 24,000 | |
| SK Planet Co., Ltd. | Oct. 5, 2011 | Platform service | 1,647,965 | Material |
| Madsmart, Inc. | Mar. 21, 2011 | Software development and digital contents sourcing services | 1,591 | |
| M&Service Co., Ltd. | Feb. 10, 2000 | Information technology and marketing services | 48,493 | |
| SK Planet Japan, K.K. | Mar. 14, 2012 | Software development and digital contents sourcing services | 47 | |
| SK Planet Global PTE, LTD. | Aug. 14, 2012 | Software development and digital contents sourcing services | 636 | |
| SK Planet America LLC | Dec. 27, 2012 | Software development and digital contents sourcing services | 6,669 | |
| SK Global Healthcare Business Group | Sep. 14, 2012 | Investment | 25,784 | |
| Technology Innovation Partners, L.P. | Jun. 24, 2011 | Investment | 34,120 | |
| SK Telecom China Fund I L.P. | Sep. 14, 2011 | Investment | 3,454 | |
| SK Telecom China Holdings Co., Ltd. | Jul. 12, 2007 | Investment | 35,233 | |
| Shenzhen E-eye High Tech Co., Ltd. | Apr. 1, 2000 | Telematics services | 18,915 | |
| SKT Vietnam PTE., Ltd. | Apr. 5, 2000 | Wireless telecommunication services | 38,331 | |
| SKT Americas, Inc. | Dec. 29, 1995 | Management consulting and investment | 36,378 | |
| YTK Investment Ltd. | Jul. 1, 2010 | Investment | 64,036 | Material |
| Atlas Investment | Jun. 24, 2011 | Investment | 51,065 | Material |

* Material Subsidiary means a subsidiary with total assets of Won 50 billion or more as of the end of the latest fiscal year.

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

B. Date of Incorporation: March 29, 1984

C. Location of Headquarters

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

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

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

D. Major Businesses

(1) Wireless Business

The Company provides wireless telecommunications services, characterized by its competitive strengths in handheld devices, affordable pricing, network coverage and an extensive contents library. Since the introduction of services employing LTE technology in July 2011, the telecommunications market for such services has grown as demand for fast data transfer speeds and differentiated services has increased. Having reached one million subscribers by January 2012 and over 10 million subscribers by April 2013, the Company has solidified its leadership position in LTE services as it has done with its 3G services. The Company is also improving the profitability of its wireless business through efficient capital expenditures and marketing and enhancement of marketing network and products. In the business-to-business area, the Company is strengthening its solutions business through the implementation of five main solution products: Smart Store, Smart Work, Smart Cloud, Green & Safety and M Ad & Payment.

In addition, in order to strengthen our sales channels, the Company has been offering a variety of fixed-line and wireless telecommunication convergence products to its customers through PS&Marketing Co., Ltd. (PS&Marketing), one of its subsidiaries. Furthermore, Network O&S Co., Ltd., the Company's subsidiary responsible for the operation of the Company's 2G to 4G networks (including its CDMA, WCDMA and LTE networks), provides customers with quality network services and provides the Company with technological know-how in network operations.

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(2) Fixed-line Business

SK Broadband Co., Ltd. (SK Broadband) is engaged in providing telecommunications, broadcasting and new media services and various other services that are permitted to be carried out by SK Broadband under relevant regulations, as well as business activities that are directly or indirectly related to providing those services. With the adoption of K-IFRS in 2011, our broadband and fixed-line services segment also includes multimedia services and IP TV services.

(3) Other Businesses

The Company is pursuing customer satisfaction by providing the best service and generating new values in diverse business such as digital contents, location-based services, media, mobile commerce, loyalty marketing and advertising.

In the digital contents business area, the Company provides high-quality digital contents in its leading mobile contents marketplace, T Store, which had more than 19.8 million subscribers as of March 31, 2013 and which the Company plans to expand globally. With respect to the Company's commerce business, 11th Street, which continues to gain market share, is a platform service that connects various sellers and purchasers on-line. In the loyalty marketing business area, the Company provides an increasing number of products involving OK Cashbag points in order to attract new customers and retain existing customers. Since its inception in 1999, OK Cashbag, owned by SK Planet Co., Ltd. (SK Planet) continues to be Korea's largest loyalty mileage program with 36 million members. In the location-based services business area, users of the Company's T-Map Navigation service surpassed 16.9 million as of March 31, 2013. T-Map Navigation provides real time traffic information and various local information. Utilizing location-based service technology in other services, including leisure, logistics and travel services, the Company provides increased convenience and added value to customers. In the media business area, the Company provides Hoppin service that enables subscribers to access various multimedia contents through personal computers, mobile devices and other digital devices. In the advertising business area, the Company is engaged in advertisement production, promotion services and research and consulting services to substantively help businesses increase their value in a rapidly evolving business environment.

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

The Company is also one of the leaders in the music services industry with the continued growth of MelOn, its online music service, and its investments in music distribution and production.

In order to find future growth engines and strengthen the Company's competitiveness, the Company has made strategic investments in YTK Investment Ltd. and Atlas Investment, both investment fund companies.

See II. Business Overview for more information.

Table of Contents**E. Credit Ratings**

(1) Corporate Bonds

| Credit rating date | Subject of rating | Credit rating | Credit rating entity (Credit rating range) | Rating classification |
|---------------------------|--------------------------|----------------------|---|------------------------------|
| May 27, 2011 | Corporate bond | AAA | Korea Ratings | Regular rating |
| June 13, 2011 | Corporate bond | AAA | NICE Investors Service Co., Ltd. | Regular rating |
| June 23, 2011 | Corporate bond | AAA | Korea Investors Service, Inc. | Regular rating |
| December 12, 2011 | Corporate bond | AAA | Korea Investors Service, Inc. | Current rating |
| December 13, 2011 | Corporate bond | AAA | NICE Investors Service Co., Ltd. | Current rating |
| December 16, 2011 | Corporate bond | AAA | Korea Ratings | Current rating |
| June 21, 2012 | Corporate bond | AAA | Korea Ratings | Regular rating |
| June 22, 2012 | Corporate bond | AAA | Korea Investors Service, Inc. | Regular rating |
| June 29, 2012 | Corporate bond | AAA | NICE Investors Service Co., Ltd. | Regular rating |
| August 10, 2012 | Corporate bond | AAA | Korea Ratings | Current rating |
| August 14, 2012 | Corporate bond | AAA | Korea Investors Service, Inc. | Current rating |
| August 14, 2012 | Corporate bond | AAA | NICE Investors Service Co., Ltd. | Current rating |
| April 11, 2013 | Corporate bond | AAA | Korea Ratings | Current rating |
| April 11, 2013 | Corporate bond | AAA | Korea Investors Service, Inc. | Current rating |
| April 11, 2013 | Corporate bond | AAA | NICE Investors Service Co., Ltd. | Current rating |
| April 11, 2013 | Corporate bond | AAA | Korea Ratings | Regular rating |
| April 11, 2013 | Corporate bond | AAA | Korea Investors Service, Inc. | Regular rating |
| April 11, 2013 | Corporate bond | AAA | NICE Investors Service Co., Ltd. | Regular rating |

* Rating definition: AAA - The certainty of principal and interest payment is at the highest level with extremely low investment risk and is stable such that it will not be influenced by reasonably foreseeable changes in external factors.

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(2) Commercial Paper (CP)

| Credit rating date | Subject of rating | Credit rating | Credit rating entity (Credit rating range) | Rating classification |
|---------------------------|--------------------------|----------------------|---|----------------------------------|
| May 27, 2011 | CP | A1 | Korea Ratings | Current rating |
| June 13, 2011 | CP | A1 | NICE Investors Service Co., Ltd. | Current rating |
| June 23, 2011 | CP | A1 | Korea Investors Service, Inc. | Current rating |
| December 12, 2011 | CP | A1 | Korea Investors Service, Inc. | Regular rating |
| December 13, 2011 | CP | A1 | NICE Investors Service Co., Ltd. | Regular rating |
| December 16, 2011 | CP | A1 | Korea Ratings | Regular rating |
| June 21, 2012 | CP | A1 | Korea Ratings | Current rating |
| June 22, 2012 | CP | A1 | Korea Investors Service, Inc. | Current rating |
| June 29, 2012 | CP | A1 | NICE Investors Service Co., Ltd. | Current rating |
| December 18, 2012 | CP | A1 | Korea Ratings. | Regular rating |
| December 14, 2012 | CP | A1 | Korea Investors Service, Inc. | Regular rating |
| December 18, 2012 | CP | A1 | NICE Investors Service Co., Ltd. | Regular rating |
| April 11, 2013 | CP | A1 | Korea Ratings | Current rating |
| April 11, 2013 | CP | A1 | Korea Investors Service, Inc. | Current rating |
| April 11, 2013 | CP | A1 | NICE Investors Service Co., Ltd. | Current rating |

* Rating definition: A1 - Timely repayment capability is at the highest level with extremely low investment risk and is stable such that it will not be influenced by reasonably foreseeable changes in external factors.

(3) International Credit Ratings

| Date of credit rating | Subject of rating | Credit rating of securities | Credit rating company | Rating type |
|------------------------------|-----------------------------------|--|-----------------------------------|--------------------|
| June 6, 2012 | Bonds denominated in Swiss Franc | A- | Fitch Inc. | Current rating |
| June 4, 2012 | Bonds denominated in Swiss Franc | A3 | Moody s Investors Service | Current rating |
| June 7, 2012 | Bonds denominated in Swiss Franc | A- | Standard & Poor s Rating Services | Current rating |
| October 24, 2012 | Bonds denominated in U.S. dollars | A- | Fitch Inc. | Current rating |
| October 24, 2012 | Bonds denominated in U.S. dollars | A3 | Moody s Investors Service | Current rating |
| October 24, 2012 | Bonds denominated in U.S. dollars | A- | Standard & Poor s Rating Services | Current rating |

2. Company History

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

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

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

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

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

February 2012: Purchased shares of SK hynix Inc. (formerly, Hynix Semiconductor Inc.)

A. Location of Headquarters

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

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

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

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

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

B. Significant Changes in Management

At the Extraordinary General Meeting of Shareholders held on August 31, 2011, Jun Ho Kim was elected as an inside director and Jin Woo So resigned from the Company's board of directors to transfer to an affiliate of the Company. At the 28th General Shareholders' Meeting held on March 23, 2012, (1) Young Tae Kim and Dong Seob Jee were elected as inside directors, (2) Hyun Chin Lim was re-elected as an independent director, and (3) Hyun Chin Lim was re-elected as a member of the audit committee. At the 29th General Shareholders' Meeting held on March 22, 2013, Dae Sik Cho was elected as an inside director and Dae Shick Oh was elected as an independent director and member of the audit committee of the Company's board of directors.

C. Change in Company Name

On March 23, 2012, SK hynix Inc., which became our subsidiary in February 2012, changed its name to SK hynix Inc. from Hynix Semiconductor Inc. in accordance with a resolution at its annual shareholders' meeting.

**D. Mergers, Acquisitions and Restructuring
[SK Telecom]**

(1) Spin-off

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

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

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Set forth below is summary of financial position before and after the spin-off.

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

Schedule of spin-off

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

Changes in shareholding, including majority shareholder

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

Appraisal rights of shareholders

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

Protection of creditors

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

Allocation of new shares

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

(2) Acquisition of Shares of SK hynix Inc. (formerly, Hynix Semiconductor Inc.)

In accordance with the resolution of the Company's board of directors on November 14, 2011, the Company purchased 146,100,000 shares of SK hynix Inc. (formerly, Hynix Semiconductor Inc.) (SK Hynix) (aggregate purchase price of Won 3,374,726 million) on February 14, 2012 in order to acquire control of SK Hynix. The Company has a 21.05% equity interest in SK Hynix after the purchase.

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[SK Broadband]

(1) Merger

On July 26, 2012, the board of directors of SK Broadband resolved to merge Broadband D&M Co., Ltd., its wholly-owned subsidiary, into SK Broadband after transferring Broadband D&M Co., Ltd.'s network maintenance business to Network O&S Co., Ltd. The merger was effective as of September 26, 2012. In connection with this merger, SK Broadband did not issue any new shares.

On October 25, 2012, the board of directors of SK Broadband resolved to merge Broadband CS Co., Ltd., its wholly-owned subsidiary, into SK Broadband after transferring Broadband CS Co., Ltd.'s customer service business to Service Ace Co., Ltd. The merger was effective as of December 26, 2012. In connection with this merger, SK Broadband did not issue any new shares.

On January 3, 2013, the board of directors of SK Broadband approved the merger of Broadband Media Co., Ltd., its wholly-owned subsidiary, into SK Broadband. The merger was effective as of March 22, 2013 and was recorded as of March 25, 2013. Please refer to the Merger Completion Report filed with the Financial Services Commission on March 25, 2013. In connection with this merger, SK Broadband did not issue any new shares.

[SK Planet]

(1) Merger

On January 11, 2013, the Company acquired the remaining 50% equity stake in SK M&C Co., Ltd., a company providing e-commerce and advertising services, from SK Innovation Co., Ltd. and gained control of both SK M&C Co., Ltd. and its subsidiary, M&SERVICE Co., Ltd. The Company thereafter contributed the 100% equity stake to SK Planet and merged the company into SK Planet as of February 1, 2013. In connection with this merger, the merger ratio between SK Planet and SK M&C Co., Ltd. was 1.2927317:1 and SK Planet issued 12,927,317 of its common stock.

[SK Telink]

(1) Merger

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

[SK Communications]

(1) Disposition and acquisition of businesses

1. Disposition of publishing business division

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

2. Acquisition of the KUKU division

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

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3. Disposition of the Spicus division

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

(2) Disposition of shares

1. Disposition of shares of Etoos

SK Communications sold all of its shares in Etoos to Cheong Sol pursuant to a resolution of its board of directors of October 19, 2009 and, as consideration, received Won 50,000 million principal amount of convertible bonds. Pursuant to a resolution of its board of directors of July 23, 2010, SK Communications converted Won 25 billion principal amount, out of a total of Won 50 billion principal amount, of convertible bonds of Etoos into 701,000 shares of Etoos (15.58%). Pursuant to a resolution of its board of directors of January 13, 2012, SK Communications sold Won 20 billion principal amount, out of the remaining Won 25 billion principal amount, of convertible bonds of Etoos Education Co., Ltd. to Shinhan Private Equity Fund No. 2 at a price of Won 19 billion.

2. Disposition of shares of SK i-Media

Pursuant to a resolution of its board of directors of October 17, 2011, SK Communications sold all shares of SK i-Media Co., Ltd. held by it to LK Media Tech Co., Ltd. at a price of Won 1 million.

3. Disposition of shares of U-Land, an overseas entity

Pursuant to a resolution of its board of directors of December 21, 2011, SK Communications sold all of its 29.85% interest in U-Land, an overseas entity, to SK Planet at a price of Won 10 million.

4. Disposition of shares of Service-In

On November 19, 2012, SK Communications sold all of its shares (80,000 common shares) in Service-In Co., Ltd., its subsidiary, to the chief executive officer of Service-In Co., Ltd., pursuant to a resolution of its board of directors of October 31, 2012.

E. Other Important Matters related to Management Activities

[SK Telecom]

(1) Bank loans

On February 14, 2012, the Company borrowed Won 2.5 trillion in a syndicated loan from a syndicate of Korean banks including Kookmin Bank and Woori Bank in order to finance the purchase of SK Hynix shares. Won 2 trillion of the loan matures in three years and Won 0.5 trillion of the loan matures in one year.

[SK Broadband]

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

Table of Contents**[SK Communications]****(1) Leak of personal information**

In July 2011, there was a leak of personal information of subscribers of NATE and Cyworld websites operated by SK Communications. As of March 31, 2013, twenty lawsuits were filed against SK Communications, alleging that the leak was caused by its poor management of subscribers' personal information and seeking damages of approximately Won 5.5 billion. With respect to a few of the lawsuits, the relevant district courts have rendered judgments for the relevant plaintiffs' claims in part and SK Communications has appealed such judgments to the applicable high courts, where the cases are currently pending. Other cases remain pending at various district courts in Korea.

[SK Telink]

On August 23, 2012, the board of directors of SK Telink resolved to discontinue operations of its satellite Digital Multimedia Broadcasting (DMB) services due to the decrease in satellite DMB subscribers and the continued burden of fixed costs.

3. Total Number of Shares**A. Total Number of Shares**

(As of March 31, 2013)

(Unit: shares)

| Classification | Share type | | Remarks |
|--|---------------|-------------|---------|
| | Common shares | Total | |
| I. Total number of authorized shares | 220,000,000 | 220,000,000 | |
| II. Total number of shares issued to date | 89,278,946 | 89,278,946 | |
| III. Total number of shares retired to date | 8,533,235 | 8,533,235 | |
| a. reduction of capital | | | |
| b. retirement with profit | 8,533,235 | 8,533,235 | |
| c. redemption of redeemable shares | | | |
| d. others | | | |
| IV. Total number of shares (II-III) | 80,745,711 | 80,745,711 | |
| V. Number of treasury shares | 11,050,712 | 11,050,712 | |
| VI. Number of shares outstanding (IV-V) | 69,694,999 | 69,694,999 | |

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

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(1) Acquisitions and Dispositions of Treasury Shares

(As of March 31, 2013)

(Unit: Shares)

| Acquisition methods | Type of shares | At the beginning of period | Changes | | | At the end of period | |
|--|--|----------------------------|--------------|--------------|-------------|----------------------|-----------|
| | | | Acquired (+) | Disposed (-) | Retired (-) | | |
| Acquisition pursuant to the Financial Investment Services and Capital Markets Act of Korea (FSCMA) | Common shares | 7,086,028 | | | | 7,086,028 | |
| | Preferred | | | | | | |
| | Direct acquisition from market | shares | | | | | |
| | Direct over-the-counter acquisition | Common shares | | | | | |
| | | Preferred | | | | | |
| | Tender offer | shares | | | | | |
| | | Common shares | | | | | |
| | | Preferred | | | | | |
| | Sub-total | shares | 7,086,028 | | | | 7,086,028 |
| | | Common shares | | | | | |
| | Preferred | | | | | | |
| Held by trustee | shares | | | | | | |
| | Common shares | | | | | | |
| | Preferred | | | | | | |
| Held in actual stock | shares | | | | | | |
| | Common shares | 3,886,710 | | | | 3,886,710 | |
| | Preferred | | | | | | |
| Sub-total | shares | 3,886,710 | | | | 3,886,710 | |
| | Common shares | | | | | | |
| | Preferred | | | | | | |
| Other acquisition | shares | | | | | | |
| | Common shares | 77,974 | | | | 77,974 | |
| | Preferred | | | | | | |
| Total | Common shares | 11,050,712 | | | | 11,050,712 | |
| | Preferred | | | | | | |
| | shares | | | | | | |

*

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Of the 11,050,712 shares acquired by the Company, 2,421,077 shares were deposited with the Korea Securities Depository as of March 31, 2013 for issuance upon conversion of the Company's overseas convertible bonds.

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

(As of March 31, 2013)

(Unit: shares)

| Classification | | Number of shares | Remarks |
|---|-----------------|------------------|-----------------|
| Total shares (A) | Common share | 80,745,711 | |
| | Preferred share | | |
| Number of shares without voting rights (B) | Common share | 11,050,712 | Treasury shares |
| | Preferred share | | |
| Shares without voting rights pursuant to the Company's articles of incorporation (C) | Common share | | |
| | Preferred share | | |
| Shares with restricted voting rights pursuant to Korean law (D) | Common share | | |
| | Preferred share | | |
| Shares with reestablished voting rights (E) | Common share | | |
| | Preferred share | | |
| The number of shares with exercisable voting rights (F = A - B - C - D + E) | Common share | 69,694,999 | |
| | Preferred share | | |

5. Dividends and Others**A. Dividends**

- (1) Distribution of cash dividends was approved during the 27th General Meeting of Shareholders held on March 11, 2011.

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

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

- (3) Distribution of cash dividends was approved during the 28th General Meeting of Shareholders held on March 23, 2012.

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

- (4) Distribution of interim dividends of Won 1,000 was approved during the 344th Board of Directors Meeting on July 25, 2012.

- (5) Distribution of cash dividends was approved during the 29th General Meeting of Shareholders held on March 22, 2013.

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

Table of Contents**B. Dividends for the Last 3 Fiscal Years**

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

| Classification | As of and for the | As of and for the | As of and for the |
|---|------------------------------------|------------------------------------|------------------------------------|
| | quarter ended March 31, 2013 | year ended December 31, 2012 | year ended December 31, 2011 |
| Par value per share (Won) | 500 | 500 | 500 |
| Net income | 302,178 | 1,242,767 | 1,694,363 |
| Net income per share (Won) | 4,336 | 17,832 | 24,002 |
| Total cash dividend | | 655,133 | 656,533 |
| Total stock dividends | | | |
| Percentage of cash dividend to available income (%) | | 52.7 | 38.7 |
| Cash dividend yield ratio (%) | Common share | 6.2 | 6.6 |
| | Preferred share | | |
| Stock dividend yield ratio (%) | Common share | | |
| | Preferred share | | |
| Cash dividend per share (Won) | Common share | 9,400 | 9,400 |
| | Preferred share | | |
| Stock dividend per share (share) | Common share | | |
| | Preferred share | | |

Prepared based on separate financial statements. Net income per share means basic net income per share.

- * The total cash dividend of Won 656,533 million for the year ended December 31, 2011 includes the total interim dividend amount of Won 71,095 million, and the cash dividend amount per share of Won 9,400 includes the interim cash dividend amount per share of Won 1,000.
- * The total cash dividend of Won 655,133 million for the year ended December 31, 2012 includes the total interim dividend amount of Won 69,695 million, and the cash dividend amount per share of Won 9,400 includes the interim cash dividend amount per share of Won 1,000.

Table of Contents**II. BUSINESS**

Each company in the consolidated entity is a separate legal entity providing independent services and products. The business is primarily separated into (1) the wireless telecommunication business consisting of mobile phone, wireless data, information telecommunication, (2) the fixed-line telecommunication business consisting of PSTN, high speed Internet, data and network lease services, among others, and (3) other businesses consisting of platform services, Internet portal services and music streaming services, among others.

1. Business Overview**Summary Business Description of Material Consolidated Subsidiaries**

| Classification | Company name | Description of business |
|-----------------------|-----------------------------|---|
| Wireless | SK Telecom Co., Ltd. | Wireless voice and data telecommunications services via digital wireless networks |
| | PS&Marketing Co., Ltd. | Resale of fixed-line and wireless telecommunications products through wholesale, retail and online distribution channels |
| | Network O&S Co., Ltd. | Network maintenance services such as the operation of the Company's base stations and related transmission and power facilities |
| Fixed-line | SK Broadband Co., Ltd. | High-speed Internet, TV, telephone, commercial data and other fixed-line services and management of the transmission system for online digital contents |
| | SK Telink Co., Ltd. | Various media-related services, such as channel management, including video on demand, and mobile IPTV services |
| Other business | SK Planet Co., Ltd. | International wireless direct-dial 00700 services, pre-paid international card calling services, voice services using Internet protocol and Mobile Virtual Network Operator (MVNO) services |
| | SK Communications Co., Ltd. | Various platform services such as 11th Street, T Store, T-Map Navigation and Hoppin in the application, commerce and new media areas, among others |
| | Loen Entertainment, Inc. | Integrated portal services through NATE, social networking services through Cyworld and instant messaging services through NATE-ON |
| | YTK Investment Ltd. | Online music services, including operation of MelOn, a music portal, as well as production and sales of music albums |
| | Atlas Investment | Established to strategically invest in funds in order to find future growth opportunities and strengthen the Company's competitiveness |

[Wireless Business]

A. Industry Characteristics

As of March 31, 2013, the Korean mobile communication market can be considered to have reached its maturation stage with more than a 100% penetration rate. However, the Korean mobile communications market continues to improve in the quality of services with the help of advances in network-related technology and the development of highly advanced LTE and 3G smartphones which enable the provision of convergence services for multimedia contents, mobile commerce, telematics, new media and other related services. In addition, through the HSPA+ network commercialized in October 2010 and the LTE network introduced in July 2011, B2B businesses, such as the corporate connected workforce business which can directly contribute to an enhancement in productivity, are expected to grow rapidly.

Table of Contents**B. Growth Potential**

(Unit: 1,000 persons)

| Classification | | As of March 31, | | As of December 31, | | 2009 |
|-----------------------|-------------------|-----------------|---------------|--------------------|---------------|---------------|
| | | 2013 | 2012 | 2011 | 2010 | |
| Number of subscribers | SK Telecom | 27,030 | 26,961 | 26,553 | 25,750 | 24,270 |
| | Others (KT, LGU+) | 26,806 | 26,663 | 25,954 | 25,062 | 23,675 |
| | Total | 53,836 | 53,624 | 52,507 | 50,767 | 47,944 |

(Source: Korea Communications Commission website and each Korean telecommunications company's respective earnings releases)

C. Domestic and Overseas Market Conditions

The Korean mobile communication market includes the entire population of Korea with mobile communication service needs, and almost every Korean is considered a potential user. Sales revenue related to data services is expected to increase due to the increasing popularity of smartphones and wireless Internet. The importance of the business-to-business segment, which creates added value by selling and developing various solutions, is also growing. Seasonal and economic fluctuations have much less impact on the Korean mobile communication market compared to other industries.

Historical market share of the Company:

(Unit: %)

| Classification | As of March 31, | | As of December 31, | | 2009 |
|-------------------------------|-----------------|------|--------------------|------|------|
| | 2013 | 2012 | 2011 | 2010 | |
| Mobile communication services | 50.2 | 50.3 | 50.6 | 50.6 | 50.6 |

(Source: Korea Communications Commission website and each Korean telecommunications company's respective earnings releases)

D. Business Overview and Competitive Strengths

The Company is seeking to transform itself from a telecommunication service provider into a comprehensive information and communication technology (ICT) service provider. It has continued to expand the scope of its services and achieved strong growth in subscribers amid fierce competition and rate cuts. For the quarter ended March 31, 2013, the Company recorded Won 4.1 trillion in operating revenue and Won 410 billion in operating income on a consolidated basis and Won 3.1 trillion in revenue and Won 420 billion in operating income on a separate basis.

The number of subscribers as of March 31, 2013 was 27.03 million, an increase of approximately 68,000 from the previous quarter. In particular, the number of smartphone subscribers as of March 31, 2013 was 16.65 million, an increase of approximately 670,000 from the previous quarter, including 9.33 million LTE subscribers, solidifying the Company's market leadership. The Company upgraded the quality of data services by providing commercial LTE services, enabling streaming of high-quality videos, high-definition voice services such as high-definition video conference calls and joyn.T, an all-IP next generation integrated communications service. The Company also plans to enhance customer satisfaction by improving network quality.

The Company has proved that it has superior network quality compared to its competitors according to the Korea Communications Commission quality evaluations. The Company has also proved to be the leader in Korea's top three customer satisfaction indices: according to the National Customer Satisfaction Index, Korean Customer Satisfaction Index and Korean Standard Service Quality Index, the Company has continued to hold the leading position for 16 years, 15 years and 13 years, respectively.

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SK Telink, a consolidated subsidiary of the Company, expanded its operations to the MVNO business based on its technical expertise and know-how obtained in its international telecommunications business and launched its MVNO service, 7Mobile, which is offered at reasonable rates and provides excellent quality. SK Telink is increasing its efforts to develop low-cost distribution channels and create niche markets through targeted marketing towards customers with lower average revenue per user. An MVNO leases the networks of a mobile network operator (MNO) and provides wireless telecommunication services under its own brand and fee structure, without owning telecommunication networks or frequencies.

Network O&S, a subsidiary of the Company responsible for the operation of the Company's base stations and related transmission and power facilities, offers quality fixed-line and wireless products to customers, including mobile office products to business customers.

PS&Marketing, a subsidiary of the Company involved in wholesale, retail and online sales, offers fixed-line and wireless telecommunication products and services to meet the lifestyle needs of customers.

[Fixed-line Business]**A. Industry Characteristics**

Mergers among fixed-line operators and wireless operators have accelerated the convergence within the Korean telecommunications industry, creating a market structure in which groups with both fixed-line and wireless capabilities compete for greater market share to secure a more solid footing in the market by lowering rates, such as introducing plans with unlimited minutes for both inter- and intra-network calls. In addition, with the introduction of smartphones, tablet computers and other devices with enhanced mobility and the expansion of LTE service (including the planned launch of LTE-Advanced service in the second half of 2013), wireless Internet usage has become a norm. As subscribers to various bundled wireless and fixed-line products are continuing to increase, subscribers to IPTV services are rapidly increasing. The market for our corporate business is also growing with cloud computing, mobile offices and other new information and communications technologies being commercialized. The increased usage of smartphones and tablet computers has greatly increased the demand for wireless data transmissions, thereby further emphasizing the importance of fixed-line networks.

The number of subscribers of the Company's IPTV services has reached over 6.7 million in four years since the Company launched this service and the Company continues to strengthen its position in the pay television market. In addition, with the increase in the number of smartphones, tablet PCs and other mobile devices, new services such as mobile IPTV and N-screen services are expected to grow significantly in the future.

B. Growth Potential

(Unit: 1,000 persons)

| Classification | | As of March 31, 2013 | As of December 31, | |
|------------------------|----------------------|----------------------|--------------------|--------|
| | | | 2012 | 2011 |
| Fixed-line Subscribers | High-speed Internet | 18,333 | 18,254 | 17,860 |
| | Fixed-line telephone | 18,306 | 18,459 | 18,633 |
| | IPTV (real-time) | 6,799 | 6,310 | 3,591 |

(Source: Korea Communications Commission website and each Korean telecommunications company's earnings releases)

Table of Contents**C. Cyclical Nature and Seasonality**

High-speed Internet, fixed-line telephone and IPTV services are mature markets that are generally not sensitive to cyclical economic changes due to the easing of competition resulting from the decrease in differentiation between service providers and the nature of the respective services. We expect that the accelerated transition to digital TV services as a result of the termination of analog open air TV broadcasting, as well as the entrance of Google Inc. (Google) and Apple Inc. (Apple) into the television market and the introduction of smart TV products, will present opportunities by expanding the market size and increasing consumers' interests. We are strengthening our competitiveness in the TV business by expanding the number of popular channels, such as kids channels and channels providing live broadcasts of MLB games, as well as strengthening mobile IPTV services using N-screen.

Historical market share of the Company:

(Unit: %)

| Classification | As of March 31, 2013 | As of December 31, | |
|---------------------------------------|----------------------|--------------------|------|
| | | 2012 | 2011 |
| High-speed Internet (include resales) | 24.2 | 24.1 | 23.5 |
| Fixed-line telephone (include VOIP) | 16.6 | 16.5 | 14.6 |
| IPTV (real-time) | 22.6 | 22.2 | 19.3 |

(Source: Korea Communications Commission website and each Korean telecommunications company's earnings releases)

D. Business Overview and Competitive Strengths

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

SK Telink, a material consolidated subsidiary of the Company, provides international telecommunications service. SK Telink has been able to establish itself as a market leader as a result of its affordable pricing, proactive marketing and the quality of its services. It launched a mobile phone-based international calling service under the brand name 00700 in 1998, creating a new niche market within the long-distance telephony market that was otherwise dominated by existing service providers. In 2003, SK Telink was designated a common carrier for international calling services, which allowed us to expand our international calling services to fixed-line international calling services. SK Telink plans to strengthen its existing business, including international and long-distance calling services, value-added services for local calling and B2B services, while satisfying customers' diverse needs for new services.

[Other Business]**A. Industry Characteristics**

As the number of smartphones distributed in Korea exceeds 30 million, the growth in various mobile devices has spurred the rise of the service provider with a strong platform business as the leader in the ICT market. It is becoming increasingly important to enhance competitiveness by building a platform with large data capacity to handle the increase in data transmission.

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A platform business acts as an intermediary by promoting interactions among various customer groups, thereby generating new values. It is important for a platform business to continually attract subscribers and users and to create an ecosystem with certain lock-in effects. A platform can exist in various forms, including as a technological standard (iOS, Android OS), a subscriber-based service platform (Facebook, Twitter) or a marketplace (Amazon, T Store). Platform businesses are evolving and expanding globally. It is becoming increasingly important to enhance competitiveness by creating a database that can register and analyze purchase patterns of customers across all areas and building a platform with large data capacity to utilize this database to provide differentiated services.

A platform business has strong growth potential due to its connectivity with related services and ease of global expansion. Apple became a world-leading smartphone producer based on its innovative design and the competitive strength of its App Store platform. Google has created a new ecosystem of long-tail advertising by attracting millions of third parties to its advertising platform, as well as showing strong growth in mobile markets with its competitive platform based on Android OS.

B. Growth Potential

The Company expects that the scope and value generated by the platform business, including application and content marketplaces and N-screen services, will increase, as smartphones and tablet computers become more popular and the bandwidth and speed of network infrastructure improve.

As the wireless network evolves to LTE, business opportunities for the platform business are growing, which include multimedia streaming, N-screen service based on cloud technology and high-definition location-based services. Since the platform business realizes profit by connecting with advertisements or commerce sites after building a critical mass of subscribers and traffic, the recent growth in the advertising and commerce markets is expected to present an opportunity for platform businesses. We expect that in the future, the importance of building a platform with large data capacity that is connected to various digital contents and commerce will increase.

C. Domestic and Overseas Market Conditions

(1) Competition

Application Marketplace

The growth of application marketplaces, which started with Apple's App Store, provides the platform business with new opportunities for revenue generation. The competitive paradigm is shifting from a competition among platform operators toward a competition among eco-systems that include application developers as well as platform operators.

Commerce Markets

The Company expects that on-line commerce markets will continue to grow due to the growth potential of the Internet shopping population and the strengthening of on-line business models by off-line operators. The Korean advertising market is expected to grow from Won 9.8 trillion in 2012 to Won 11.7 trillion in 2015. In particular, mobile advertising is expected to grow rapidly to Won 1.0 trillion in 2015, primarily due to the popularity of smartphones and convergence with location-based advertising.

Media Contents Market

Due to an increase in the number of devices owned by each user and an increase in network speed, each user can now enjoy music or video files anywhere and anytime by storing them in cloud servers, which is called N-screen service. Users can recommend music to other users through social networking services and this is expected to become a distribution model for digital media contents. Various service providers are competing in this market expecting a strong growth in the on-line and mobile video market.

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

(2) Market Share

CyWorld service, our social networking website in Korea, had 26 million cumulative subscribers, 13 million net users and a page view of 500 million as of March 2013. Our Nate-On service had the largest market share of 73.6% in the instant messenger market in Korea with 8 million net users as of March 2013. Our Nate search portal service had a market share of 1.8% as of March 2013. (Source: Korean Click, Company data).

D. Business Overview and Competitive Strengths

SK Planet plans to expand its platform ecosystem focusing on its Open & Collaboration motto in operating its digital content marketplaces such as T Store and Hoppin, commerce marketplaces such as 11th Street and Smart Wallet and location-based services such as T-Map Navigation, thereby ultimately increasing its enterprise value.

Digital Content Marketplace

T Store, launched in September 2009, reached 19.8 million subscribers and cumulative downloads of 1.24 billion as of March 2013, solidifying its leadership position in the Korean application market and plans to widen its services to tablets and navigation devices. The Company intends to further develop T Store into a global service platform by evolving it into a personalized gateway and mobile playground through expansion of the scope of serviceable devices, reinforcement of digital content offerings and enhancement of search services, among other things.

The Company's Hoppin service, which provides N-screen media service enabling subscribers to enjoy video on demand through a number of N-screen compatible devices, including smartphones, tablets and PCs. Through continual service improvements and stable service provision, Hoppin has become the leading mobile video on demand service with over 300 million subscribers as of October 2012. The Company plans to market this service globally based on its experience in the Korean IT infrastructure environment.

Commerce (Open Market)

11th Street, an online marketplace, has continued its growth through effective marketing and customer satisfaction. Despite its later entry into the online commerce market (launched in 2008) which was already divided between Auction and G-Market, it is leading the domestic e-commerce market and is also firmly establishing its position as the leader in the mobile commerce market. Growth plans involving overseas joint ventures based on 11th Street's business expertise have resulted in the successful launch of an open online commerce market in Turkey in partnership with Doğuş Group.

OK Cashbag is a point-based loyalty marketing program which has grown to become a global top-tier loyalty marketing program since its inception in 1999. Customers have access to increased benefits through accumulation of loyalty reward points and partner companies use OK Cashbag as a marketing resource. With 36 million subscribers, OK Cashbag maintains a leading position in the industry and plans to continue strengthening its position by providing customized services befitting customers' needs and market conditions.

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Location-based Service

T-Map Navigation provides map, local information, real-time traffic information and navigation services. With cumulative subscribers of 16.95 million as of March 31, 2013, T-Map Navigation is one of the leading location-based service platforms in Korea. The Company is broadening the range of its location-based services by also providing infotainment systems to commercial vehicle businesses as well as providing localized content on its products, such as region-specific information and advertisements. The Company plans to further develop the T-Map Navigation platform by initiating open application programming interface-based services, providing services to more diverse types of devices and providing local area-based services.

Media Platform

The Company's media platform business started with its Hoppin service, which provides N-screen media service enabling subscribers to enjoy contents through a number of devices. Hoppin has expanded its services to more types of smartphones and tablets and has 3.73 million subscribers as of March 31, 2013. The Company plans to develop Hoppin service into a media platform acting as an intermediary of various N-screen services. It also plans to provide media platform services in overseas markets in stages.

Music Business

The Company's online music site, MelOn, has continued to increase its sales and, for the past five years, has been recognized as having the largest market share and the highest brand recognition in the digital music sales market in Korea. As of March 31, 2013, the Company supports all major smartphone and tablet devices introduced in Korea. The Company is quickly and flexibly responding to the mobile environment by improving the usability of its mobile applications, proactively responding to the release of new devices and continuing to improve its service and maintain its stable operation. The Company has also established a multi-device environment in which users can use MelOn anywhere and anytime, by among other things supporting all five major web browsers, including Explorer, Google Chrome and Safari. The Company is leading the growth of the music industry while respecting the rights of copyright holders. Despite changes in licensing fee requirements, the Company is pioneering new business areas by creating new products and services to meet the needs of a wide range of customers and partnering with various companies. The Company plans to strengthen its leadership in the mobile market and increase the number of its subscribers by providing reliable service operations and continually improving service, offering relevant and special music related contents to its customers and engaging in diverse and differentiated marketing promotion activities.

Satellite DMB

The Company launched its Hanbyul satellite in 2004 and received government approval in December 30, 2004 to provide satellite DMB services. Broadcasting through satellite DMB commenced in May 2005 and satellite DMB services expanded nationwide thereafter. On August 23, 2012, the board of directors resolved to discontinue operation of its satellite DMB services due to the rapid decrease in satellite DMB subscribers and the continued burden of fixed costs.

Table of Contents**2. Major Products & Services****A. Updates on Major Products and Services**

(Unit: in millions of Won, %)

| Business | Major companies | Item | Major trademarks | Consolidated Sales amount (ratio) |
|-------------------|--|--|---|-----------------------------------|
| Wireless | SK Telecom Co., Ltd., PS&Marketing Co., Ltd., Service Ace Co., Ltd., Service Top Co. Ltd., Network O&S Co., Ltd. | Mobile Communication Service, Wireless Data Service, Information Telecommunication Service | T and others | 3,265,014(79.4%) |
| Fixed-line | SK Broadband Co., Ltd., SK Telink Co., Ltd. | Fixed-line Phone, High Speed Internet, Data and Network Lease Service | B tv , 00700 international call and others | 580,628(14.1%) |
| Other | SK Planet Co., Ltd, Commerce Planet Co., Ltd, SK Communications Co., Ltd., Loen Entertainment, Inc., YTK Investment Ltd., Atlas Investment | Internet Portal Service and Game Design | NATE, 11th Street, T Store, T-Map Navigation, MelOn, Cyworld and others | 266,995(6.5%) |
| Total | | | | 4,112,637(100%) |

B. Price Fluctuation Trend of Major Products and Services**[Wireless Business]**

In the past, based on the Company's basic monthly subscription plan, the basic service fee was Won 13,000 per month and the usage fee was Won 20 per 10 seconds and based on the Company's standard monthly subscription plan, the basic service fee was Won 12,000 per month and the usage fee was Won 18 per 10 seconds. As of March 31, 2013, based on the Company's standard monthly subscription plan, the basic service fee was Won 11,000 per month and the usage fee was Won 1.8 per 1 second.

[Fixed-line Business]

SK Broadband provides broadband Internet access service, telephony, TV, corporate data services and other services for both individual and corporate customers. As of March 31, 2013, broadband Internet and TV services comprised 50.0% of SK Broadband's revenue, telephony service 24.1%, corporate data services 25.2% and other telecommunications services 0.7%.

3. Investment Status**[Wireless Business]****A. Investment in Progress**

(Unit: in 100 millions of Won)

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| Business | Classification | Investment period | Subject of investment | Investment effect | Expected investment amount | Amount already invested | Future investment |
|-----------------|------------------------------|--------------------------|------------------------------|--|-----------------------------------|--------------------------------|--------------------------|
| Network/Common | Upgrade/ New installation | 2013 | Network, systems and others | Capacity increase and quality improvement; systems improvement | 21,000 | 3,507 | To be determined |
| Total | | | | - | 21,000 | 3,507 | To be determined |

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B. Future Investment Plan

(Unit: in 100 millions of Won)

| Business | Expected investment amount | | Expected investment for each year | | | Investment effect |
|----------------|-----------------------------|--------|-----------------------------------|------------------|------------------|---|
| | Asset type | Amount | 2013 | 2014 | 2015 | |
| Network/Common | Network, systems and others | 21,000 | 21,000 | To be determined | To be determined | Upgrades to the existing services and provision of new services |
| Total | | 21,000 | 21,000 | To be determined | To be determined | Upgrades to the existing services and provision of new services |

[Fixed-line Business]

A. Investment in Progress

(Unit: in 100 millions of Won)

| Business | Classification | Investment period | Subject of investment | Investment effect | Total investments | Amount already invested | Future investment |
|---------------------|------------------|-------------------|-----------------------------|--|-------------------|-------------------------|-------------------|
| High-speed Internet | | | | | | 88 | |
| Telephone | | | Backbone | Expand subscriber networks and facilities | | 11 | |
| Television | Upgrade/ | 1st | and | | | 21 | |
| Corporate Data | New installation | quarter, 2013 | subscriber network / others | Increase leased-line and integrated information system | 365 | 184 | To be determined |
| Others | | | | Expand networks | | 61 | |
| Total | | | | | | 365 | |

4. Revenues

(Unit: in millions of Won)

| Business | Sales type | Item | | For the quarter ended March 31, 2013 | For the year ended December 31, 2012 | For the year ended December 31, 2011 |
|------------|------------|---|----------|--------------------------------------|--------------------------------------|--------------------------------------|
| Wireless | Services | Mobile communication | Export | 97 | 14,202 | 1,331 |
| | | | Domestic | 3,264,917 | 13,204,702 | 13,074,936 |
| | | | Subtotal | 3,265,014 | 13,218,904 | 13,076,267 |
| Fixed-line | Services | Fixed-line, B2B data, High-speed Internet, TV | Export | 6,240 | 29,883 | 28,070 |
| | | | Domestic | 574,388 | 2,163,978 | 2,103,879 |
| | | | Subtotal | 580,628 | 2,193,861 | 2,131,949 |

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| | | | | | | |
|--------------|-----------------|--------------------|-----------------|-----------|------------|------------|
| Other | Services | Display and | Export | 753 | 4,698 | 12,036 |
| | | Search ad., | Domestic | 266,242 | 883,016 | 706,217 |
| | | Content | Subtotal | 266,995 | 887,714 | 718,253 |
| Total | | | Export | 7,090 | 48,783 | 41,437 |
| | | | Domestic | 4,105,547 | 16,251,696 | 15,885,032 |
| | | | Total | 4,112,637 | 16,300,479 | 15,926,469 |

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(Unit: in millions of Won)

| For the quarter ended March 31, 2013 | Wireless | Fixed | Other | Sub total | Internal transaction | After consolidation |
|--------------------------------------|------------|-----------|-----------|------------|----------------------|---------------------|
| Total sales | 3,551,807 | 714,873 | 435,747 | 4,702,427 | -589,790 | 4,112,637 |
| Internal sales | 286,793 | 134,245 | 168,752 | 589,790 | -589,790 | 0 |
| External sales | 3,265,014 | 580,628 | 266,995 | 4,112,637 | 0 | 4,112,637 |
| Operating income (loss) | 423,524 | 7,914 | -20,805 | 410,633 | 0 | 410,633 |
| Total assets | 22,878,131 | 3,123,480 | 3,037,280 | 29,038,891 | -3,630,049 | 25,408,843 |
| Total liabilities | 10,607,539 | 1,897,378 | 856,846 | 13,361,763 | -320,620 | 13,041,143 |

5. Derivative Transactions

(1) Currency swap contract applying cash flow risk hedge accounting

The Company has entered into a floating-to-fixed cross currency swap contract with Credit Agricole Corporate & Investment 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 March 31, 2013, in connection with this unsettled cross currency interest rate swap contract to which cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to Won 2,802 million (net of tax effect totaling Won 394 million and foreign currency translation loss arising from U.S. dollar-denominated long-term borrowings totaling Won 16,410 million) was accounted for as accumulated other comprehensive loss.

In addition, the Company has entered into a fixed-to-fixed cross currency swap contract with six banks, including Morgan Stanley, to hedge the foreign currency risk of unguaranteed U.S. dollar-denominated bonds with face amounts totaling US\$400,000,000 issued on July 20, 2007, and has applied cash flow hedge accounting to this cross currency swap contract starting from May 12, 2010. Accordingly, as of March 31, 2013, in connection with this unsettled cross currency swap contract, an accumulated loss on valuation of derivatives amounting to Won 37,356 million (net of tax effect totaling Won 11,926 million and foreign currency translation gain arising from these unguaranteed U.S. dollar-denominated bonds totaling Won 12,483 million) was accounted for as accumulated other comprehensive loss. In connection with this cross currency swap contract, a gain on valuation of the cross currency swap contract incurred before application of cash flow hedge accounting of Won 129,806 million was recognized.

The Company has entered into a floating-to-fixed cross currency swap contract with two banks, including DBS, to hedge the foreign currency risk and the interest rate risk of floating-rate U.S. dollar-denominated bonds with face amounts totaling US\$250,000,000 issued on December 15, 2011. As of March 31, 2013, in connection with this unsettled cross currency interest rate swap contract, an accumulated gain on valuation of derivatives amounting to Won 5,767 million (net of tax effect totaling Won 1,841 million and foreign currency translation gain arising from these unguaranteed U.S. dollar-denominated bonds totaling Won 11,490 million) was accounted for as other comprehensive income.

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In addition, the Company has entered into a floating-to-fixed cross currency swap contract with United Overseas Bank to hedge the foreign currency risk and the interest rate risk of its Singapore dollar-denominated bonds with face amounts totaling SGD 65,000,000 issued on December 15, 2011. As of March 31, 2013, in connection with this unsettled cross currency interest rate swap contract, an accumulated loss on valuation of derivatives amounting to Won 174 million (net of tax effect totaling Won 55 million and foreign currency translation loss arising from these Singapore dollar-denominated bonds totaling Won 791 million) was accounted for as accumulated other comprehensive loss.

The Company has entered into a fixed-to-fixed cross currency swap contract with six banks, including Citibank, to hedge the foreign currency risk of its Swiss Franc-denominated bonds with face amounts totaling CHF 300,000,000 issued on June 12, 2012. As of March 31, 2013, in connection with this unsettled cross currency swap contract, an accumulated loss on valuation of derivatives amounting to Won 8,912 million (net of tax effect totaling Won 2,845 million and foreign currency translation gain arising from its Swiss Franc-denominated bonds totaling Won 12,176 million) was accounted for as accumulated other comprehensive loss.

In addition, the Company has entered into a fixed-to-fixed cross currency swap contract with ten banks, including Barclays, to hedge the foreign currency risk of unguaranteed U.S. dollar-denominated bonds with face amounts totaling US\$700,000,000 issued on November 1, 2012. As of March 31, 2013, in connection with this unsettled cross currency swap contract, an accumulated loss on valuation of derivatives amounting to Won 12,029 million (net of tax effect totaling Won 3,840 million and foreign currency translation gain arising from these unguaranteed U.S. dollar-denominated bonds totaling Won 14,883 million) was accounted for as accumulated other comprehensive loss.

The Company has entered into a fixed-to-fixed cross currency swap contract with four banks, including BNP Paribas, to hedge the foreign currency risk of unguaranteed Australian dollar-denominated bonds with face amounts totaling AUD 300,000,000 issued on January 17, 2013. As of March 31, 2013, in connection with this unsettled cross currency swap contract, an accumulated gain on valuation of derivatives amounting to Won 307 million (net of tax effect totaling Won 98 million and foreign currency translation loss arising from these unguaranteed Australian dollar-denominated bonds totaling Won 11,703 million) was accounted for as accumulated other comprehensive income.

In addition, the Company has entered into a floating-to-fixed cross currency swap contract with DBS to hedge the foreign currency risk and the interest rate risk of its U.S. dollar-denominated bonds with face amounts totaling US\$300,000,000 issued on March 7, 2013. As of March 31, 2013, in connection with this unsettled cross currency interest rate swap contract, an accumulated loss on valuation of derivatives amounting to Won 4,077 million (net of tax effect totaling Won 1,302 million and foreign currency translation gain arising from these U.S. dollar-denominated bonds totaling Won 8,506 million) was accounted for as accumulated other comprehensive loss.

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(2) The fair values of the derivative instruments described above as of March 31, 2013 are recognized as derivative assets or derivative liabilities under current assets, non-current assets or current liabilities on the Company's balance sheet. Details are as follows:

(Unit: in thousands of Won)

| Category | Subject of Risk Hedge | Contract Period | Fair Value of Derivative Instruments | | Total |
|---------------------------------------|--|---|--------------------------------------|--------------------------------------|------------|
| | | | Designated as Hedging Instrument | Not Designated as Hedging Instrument | |
| Currency Swap (Current Asset) | U.S. dollar-denominated long-term borrowings (principal amount of US\$100,000,000) | From Oct. 10, 2006 to Oct. 10, 2013 | 13,213,611 | | 13,213,611 |
| | Unguaranteed U.S. dollar-denominated bonds (face amount of US\$400,000,000) | From Jul. 20, 2007 to Jul. 20, 2027 | 68,040,599 | | 68,040,599 |
| Currency Swap (Non-current Asset) | Floating-rate Singapore dollar-denominated bonds (face amount of SGD 65,000,000) | From Dec. 15, 2011 to Dec. 12, 2014 | 561,781 | | 561,781 |
| | Floating-rate Australian dollar-denominated bonds (face amount of AUD 300,000,000) | From Jan. 17, 2013 to Nov. 17, 2017 | 12,107,035 | | 12,107,035 |
| | Floating-rate U.S. dollar-denominated bonds (face amount of US\$300,000,000) | From Mar. 7, 2013 to Mar. 7, 2020 | 3,127,450 | | 3,127,450 |
| Conversion Right (Current Asset) | Convertible bonds (Available-for-sale securities)(*) (face amount of Won 50,000,000,000) | From Sep. 1, 2009 to Aug. 31, 2014 | | 463,759 | 463,759 |
| Conversion Right (Non-current Asset) | | | | 225,385 | 225,385 |
| Total derivative assets | | | 97,050,476 | 689,144 | 97,739,620 |
| Currency Swap (Non-current Liability) | Floating-rate U.S. dollar-denominated bonds (face amount of US\$250,000,000) | From December 15, 2011 to December 12, 2014 | 3,881,838 | | 3,881,838 |
| | Floating-rate Swiss Franc-denominated bonds (face amount of CHF 300,000,000) | From June 12, 2012 to June 12, 2017 | 23,933,776 | | 23,933,776 |
| | Floating-rate U.S. dollar-denominated bonds (face amount of US\$700,000,000) | From November 1, 2012 to May 1, 2018 | 986,514 | | 986,514 |
| Total derivative liabilities | | | 28,802,128 | | 28,802,128 |

(*)

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The fair value of Won 689,144,000 of the conversion rights of the convertible bonds held by SK Communications, a subsidiary of the Company, was recognized as a derivative asset.

Table of Contents**6. Major Contracts**
[SK Telecom]

| Category | Vendor | Start Date | Completion Date | Contract Title | Contract Amount (in 100 millions of Won) |
|-------------|---------------------|-------------------|-------------------|---|--|
| Service | SK Planet Co., Ltd. | February 25, 2013 | December 31, 2013 | B2B contents purchase contract for Smart Safe and Phone Safe 40 | 206 |
| Service | SK Planet Co., Ltd. | February 25, 2013 | March 31, 2013 | Contract for 2012 production of above-the-line advertisements (former SK M&C) | 58 |
| Real Estate | Individual | January 1, 2013 | May 15, 2013 | Purchase of regional centers (23 centers) | 150 |
| Subtotal | | | | | 414 |

[SK Broadband]

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

| Counterparty | Contract Contents | Contract Period | Note |
|-------------------------------------|---|---|---|
| Telecommunication service providers | Interconnection among telecommunication service providers | | Interconnection among telecommunication service providers |
| KEPCO | Provision of electric facilities | From Dec. 2012 to Dec. 2013 | Use of electricity poles |
| Seoul City Railway | Use of telecommunication line conduits | From Jan. 2009 to Dec. 2012 (Renewal in progress) | Use of railway telecommunication conduit (Serviced areas to expand) |
| Seoul Metro | Use of telecommunication line conduits | From May 2010 to May 2013 | Use of railway telecommunication conduit (Serviced areas to expand) |
| Busan Transportation Corporation | Use of telecommunication line conduits | From July 2009 to July 2013 | Use of railway telecommunication conduit (Serviced areas to expand) |
| Gwangju City Railway | Use of telecommunication line conduits | From Sep. 2010 to Dec. 2012 (Renewal in progress) | Use of railway telecommunication conduit (For establishment of lines for corporate use) |

[SK Planet]

| Counterparty | Contract Contents | Contract Period | Amount |
|-------------------|--|------------------------------------|--|
| SK Communications | Operation of shopping business at Nate.com website | From Jul. 1, 2011 to Dec. 31, 2013 | Variable depending on the NATE shopping revenues and other factors |

Table of Contents**[SK Communications]**

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

SK Communications and Daum Communications have agreed not to publicly disclose the contract period with respect to the contract with Daum Communications.

On February 1, 2013, the board of directors of SK Communications resolved to sell the Pangyo office building (which is currently under construction) and certain land it owns to SK Planet for Won 74.9 billion. This amount is subject to the approval of the Gyeonggi Provincial Government.

7. R&D Investments

(Unit: in millions of Won)

| Category | | For the quarter | For the year ended | | Remarks |
|--|--|-------------------------|----------------------|---------|---------|
| | | ended March 31, 2013 | December 31, 2012 | 2011 | |
| Raw material | | 5 | 42 | 45 | |
| Labor | | 28,222 | 59,050 | 48,656 | |
| Depreciation | | 41,332 | 163,295 | 149,850 | |
| Commissioned service | | 5,024 | 62,399 | 40,257 | |
| Others | | 10,836 | 61,546 | 57,118 | |
| Total R&D costs | | 85,419 | 346,332 | 295,927 | |
| Accounting | Sales and administrative expenses | 81,597 | 304,557 | 289,979 | |
| | Development expenses (Intangible assets) | 3,822 | 41,775 | 5,948 | |
| R&D cost / sales amount ratio (Total R&D costs / Current sales amount×100) | | 2.08% | 2.12% | 1.85% | |

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8. Other information relating to investment decisions

[SK Telecom]

A. Trademark Policies

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

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

B. Business-related Intellectual Property

The Company holds 4,810 Korean-registered patents, 276 U.S.-registered patents, 178 Chinese-registered patents (all including patents held jointly with other companies) and more patents with other countries. The Company holds 825 Korean-registered trademarks and owns intellectual property rights to the design of the alphabet T. The designed alphabet T is registered in all business categories for trademarks (total of 45) and is being used as the primary brand of the Company.

[SK Broadband]

SK Broadband holds 329 Korean-registered patents relating to high-speed Internet, telephone and IPTV service. In addition, SK Broadband has applied for a patent relating to two-way broadcasting system. SK Broadband also holds a number of trademarks and service marks relating to its service and brand.

[SK Planet]

As of March 31, 2013, SK Planet held 2,104 registered patents, 91 registered design marks, 1,066 registered trademarks and one copyright (including those held jointly with other companies) in Korea. It also holds 24 U.S.-registered patents, 35 Chinese-registered patents, 8 Japanese-registered patents, 15 E.U.-registered patents (all including patents held jointly with other companies) and 130 registered trademarks, along with a number of other intellectual property rights, in other countries.

[SK Communications]

As of March 31, 2013, SK Communications held 66 registered patents, 26 registered design rights and 700 registered trademarks in Korea.

C. Business-related Pollutants and Environmental Protection

The Company does not engage in any manufacturing and therefore does not undertake any industrial processes that emit pollutants into the air or industrial processes in which hazardous materials are used.

Table of Contents**FINANCIAL INFORMATION****9. Summary Financial Information (Consolidated)****A. Summary Financial Information (Consolidated)**

(Unit: in thousands of Won, except for number of companies)

| | As of March 31, 2013 | As of December 31, 2012 | As of December 31, 2011 | As of December 31, 2010 |
|---|----------------------------|-------------------------------|-------------------------------|-------------------------------|
| Current Assets | 5,081,677,666 | 5,294,420,978 | 6,117,478,958 | 6,653,991,923 |
| Cash and Cash Equivalents | 1,124,347,601 | 920,124,810 | 1,650,793,876 | 659,404,935 |
| Accounts Receivable - Trade, net | 2,223,429,231 | 1,954,920,332 | 1,823,169,889 | 1,949,397,279 |
| Accounts Receivable - Other, net | 697,238,852 | 582,098,398 | 908,836,454 | 2,531,847,155 |
| Others | 1,036,661,982 | 1,837,277,438 | 1,734,678,739 | 1,513,342,554 |
| Non-Current Assets | 20,327,164,856 | 20,301,138,645 | 18,248,557,471 | 16,478,397,157 |
| Long-Term Investment Securities | 990,700,266 | 953,712,512 | 1,537,945,216 | 1,680,582,091 |
| Investments in Associates | 4,817,238,156 | 4,632,477,315 | 1,384,605,401 | 1,204,691,805 |
| Property and Equipment, net | 9,577,989,426 | 9,712,718,716 | 9,030,998,201 | 8,153,412,683 |
| Intangible Assets, net | 2,653,778,460 | 2,689,657,645 | 2,995,803,300 | 1,884,955,652 |
| Goodwill | 1,736,161,410 | 1,744,483,009 | 1,749,932,878 | 1,736,649,137 |
| Others | 551,297,138 | 568,089,448 | 1,549,272,475 | 1,818,105,789 |
| Total Assets | 25,408,842,522 | 25,595,559,623 | 24,366,036,429 | 23,132,389,080 |
| Current Liabilities | 6,287,108,304 | 6,174,895,434 | 6,673,589,809 | 6,202,170,452 |
| Non-Current Liabilities | 6,754,034,211 | 6,565,881,872 | 4,959,737,573 | 4,522,219,358 |
| Total Liabilities | 13,041,142,515 | 12,740,777,306 | 11,633,327,382 | 10,724,389,810 |
| Equity Attributable to Owners of the Parent Company | 11,585,120,552 | 11,854,777,781 | 11,661,880,863 | 11,329,990,900 |
| Share Capital | 44,639,473 | 44,639,473 | 44,639,473 | 44,639,473 |
| Capital Deficit and Other Capital Adjustments | (351,978,100) | (288,882,796) | (285,347,419) | (78,952,875) |
| Retained Earnings | 11,890,283,342 | 12,124,657,526 | 11,642,525,267 | 10,721,249,327 |
| Reserves | 2,175,837 | (25,636,422) | 260,063,542 | 643,054,975 |
| Non-controlling Interests | 782,579,455 | 1,000,004,536 | 1,070,828,184 | 1,078,008,370 |
| Total Equity | 12,367,700,007 | 12,854,782,317 | 12,732,709,047 | 12,407,999,270 |
| Number of Companies Consolidated | 29 | 32 | 31 | 32 |

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(Unit: in thousands of Won, except for per share amounts)

| | For the quarter ended March 31, 2013 | For the year ended December 31, 2012 | For the year ended December 31, 2011 | For the year ended December 31, 2010 |
|--|---|---|---|---|
| Operating Revenue | 4,112,636,562 | 16,300,479,280 | 15,926,468,674 | 15,489,373,747 |
| Operating Income | 410,632,572 | 1,760,171,449 | 2,295,613,330 | 2,555,781,816 |
| Profit Before Income Tax | 427,906,104 | 1,550,887,182 | 2,240,689,573 | 2,373,223,839 |
| Profit for the Year | 345,934,455 | 1,115,662,553 | 1,582,073,280 | 1,766,834,754 |
| Profit for the Year Attributable to Owners of the Parent Company | 354,154,598 | 1,151,704,905 | 1,612,889,086 | 1,841,612,790 |
| Profit for the Year Attributable to Non-controlling Interests | (8,220,143) | (36,042,352) | (30,815,806) | (74,778,036) |
| Earnings Per Share (Won) | 5,081 | 16,525 | 22,848 | 25,598 |
| Diluted Earnings Per Share (Won) | 5,081 | 16,141 | 22,223 | 24,942 |

B. Changes to Accounting Standards Adopted During 2012

(1) Financial Instruments: Disclosures

The Company has applied the amendments to K-IFRS No. 1107, Financial Instruments: Disclosures since January 1, 2012. The amendments require disclosing the nature of transferred assets, their carrying amount, and the description of risks and rewards for each class of transferred financial assets that are not derecognized in their entirety. If the Company derecognizes transferred financial assets but still retains their specific risks and rewards, the amendments require additional disclosures of their risks.

(2) Presentation of Financial Statements

The Company adopted the amendments pursuant to the amended K-IFRS No. 1001, Presentation of Financial Statements starting with the year ended December 31, 2012. The Company's operating income is calculated as operating revenue less operating expense. Operating expense represents expense incurred from the Company's main operating activities and includes cost of products that have been resold and selling, general and administrative expenses.

C. Changes to Accounting Standards Adopted During 2013

(1) Presentation of Financial Statements

The Company has applied the amendments to K-IFRS No. 1001, Presentation of Financial Statements since January 1, 2013, classified items within other comprehensive income by nature and presented items that are not subsequently recycled through profit or loss and items that are subsequently reclassified if certain conditions are met as a group.

(2) Consolidated Financial Statements

The Company has applied the amendments to K-IFRS No. 1110, Consolidated Financial Statements since January 1, 2013. The standard introduces a single control model to determine whether an investee should be consolidated. Subsidiary is an entity that is controlled by a controlling entity or a subsidiary of a controlling company. A controlling entity or a subsidiary of a controlling company controls a subsidiary when the controlling entity or the subsidiary of the controlling company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

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(3) Joint Arrangements

The Company has applied the amendments to K-IFRS No. 1111, *Joint Arrangements* since January 1, 2013. The standard classifies joint arrangements into two types - joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement. The standard requires a joint operator to recognize and measure the assets and liabilities (and recognize the related revenues and expenses) in relation to its interest in the arrangement in accordance with relevant IFRSs applicable to the particular assets, liabilities, revenues and expenses. The standard requires a joint venture to recognize an investment and to account for that investment using the equity method.

(4) Disclosure of Interests in Other Entities

The Company has applied the amendments to K-IFRS No. 1112, *Disclosure of Interests in Other Entities* since January 1, 2013. The standard brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Company is currently assessing the disclosure requirements for interests in subsidiaries, interests in joint arrangements and associates and unconsolidated structured entities in comparison with the existing disclosures. The standard requires the disclosure of information about the nature, risks and financial effects of these interests.

(5) Employee Benefits

The Company has applied the amendments to K-IFRS No. 1019, *Employee Benefits* since January 1, 2013. The standard requires recognition of actuarial gains and losses immediately in other comprehensive income and to calculate expected return on plan assets based on the rate used to discount the defined benefit obligation.

(6) Fair Value Measurement

The Company has applied the amendments to K-IFRS No. 1113, *Fair Value Measurement* since January 1, 2013. The standard defines fair value and a single framework for fair value, and requires disclosures about fair value measurements.

D. Impact of Changes in Accounting Policies

(1) Consolidated Financial Statements

In accordance with the transitional provision on K-IFRS No. 1110, the Company assessed control on investees as of January 1, 2013, the initial adoption date of the standard, and there have been no changes in subsidiaries upon adoption of the standard.

(2) Presentation of Financial Statements

The Company early adopted the amendments to K-IFRS No. 1001, *Presentation of Financial Statements* since the interim period ended September 30, 2012 and separately present its operating income as operating revenue less operating expense on the consolidated statement of income.

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The Company retrospectively applied the amendment to K-IFRS No. 1001, for which the impact is as follows:

(In millions of won)

| | For the three-month ended March 31, 2012 |
|--|---|
| Operating income before adoption of the amendment | 465,182 |
| Differences: | |
| Other non-operating income | |
| Fees revenues | (465) |
| Gain on disposal of property and equipment and intangible assets | (1,010) |
| Others | (8,467) |
| | (9,942) |
| Other non-operating expense | |
| Impairment loss on property and equipment and intangible assets | 3,429 |
| Loss on disposal of property and equipment and intangible assets | 1,994 |
| Donations | 12,908 |
| Bad debt for accounts receivable - other | 19,687 |
| Others | 6,036 |
| | 44,054 |
| Operating income after adoption of the amendment | 499,294 |

Table of Contents**10. Summary Financial Information (Separate)****A. Summary Financial Information (Separate)**

(Unit: in thousands of Won)

| | As of March 31, 2013 | As of December 31, 2012 | As of December 31, 2011 | As of December 31, 2010 |
|---|----------------------------|-------------------------------|-------------------------------|-------------------------------|
| Current Assets | 2,765,811,807 | 2,589,699,186 | 3,948,077,706 | 5,316,976,799 |
| Cash and Cash Equivalents | 465,782,665 | 256,576,827 | 895,557,654 | 357,469,908 |
| Accounts Receivable - Trade, net | 1,416,415,295 | 1,407,205,772 | 1,282,233,900 | 1,453,060,673 |
| Accounts Receivable - Other, net | 454,931,116 | 383,048,424 | 774,221,266 | 2,499,969,010 |
| Others | 428,682,731 | 542,868,163 | 996,064,886 | 1,006,477,208 |
| Non-Current Assets | 19,625,730,061 | 19,659,803,155 | 16,572,449,699 | 14,410,149,512 |
| Long-Term Investment Securities | 700,382,280 | 733,893,220 | 1,312,437,834 | 1,517,029,011 |
| Investments in Associates | 8,110,130,373 | 7,915,546,670 | 4,647,505,583 | 3,584,394,790 |
| Property and Equipment, net | 7,043,807,359 | 7,119,090,098 | 6,260,168,675 | 5,469,747,495 |
| Intangible Assets, net | 2,113,178,817 | 2,187,872,109 | 2,364,795,182 | 1,424,968,542 |
| Goodwill | 1,306,236,299 | 1,306,236,299 | 1,306,236,299 | 1,308,422,097 |
| Others | 351,994,933 | 397,164,759 | 681,306,126 | 1,105,587,577 |
| Total Assets | 22,391,541,868 | 22,249,502,341 | 20,520,527,405 | 19,727,126,311 |
| Current Liabilities | 4,591,585,660 | 4,343,086,486 | 4,467,005,877 | 4,561,013,611 |
| Non-Current Liabilities | 5,735,287,417 | 5,529,367,602 | 4,087,219,816 | 3,585,155,050 |
| Total Liabilities | 10,326,873,077 | 9,872,454,088 | 8,554,225,693 | 8,146,168,661 |
| Share Capital | 44,639,473 | 44,639,473 | 44,639,473 | 44,639,473 |
| Capital Deficit and Other Capital Adjustments | (236,160,479) | (236,160,479) | (236,016,201) | (24,643,471) |
| Retained Earnings | 12,128,372,484 | 12,413,981,340 | 11,837,184,788 | 10,824,355,758 |
| Reserves | 127,817,313 | 154,587,919 | 320,493,652 | 736,605,890 |
| Total Equity | 12,064,668,791 | 12,377,048,253 | 11,966,301,712 | 11,580,957,650 |

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(Unit: in thousands of Won, except per share amounts)

| | For the quarter ended March 31, 2013 | For the year ended December 31, 2012 | For the year ended December 31, 2011 | For the year ended December 31, 2010 |
|----------------------------------|---|---|---|---|
| Operating Revenue | 3,112,098,912 | 12,332,719,444 | 12,551,255,630 | 12,514,520,922 |
| Operating Income | 420,110,586 | 1,675,388,351 | 2,184,498,641 | 2,530,954,768 |
| Profit Before Income Tax | 380,176,417 | 1,546,719,635 | 2,274,421,558 | 2,503,637,367 |
| Profit for the Year | 302,177,572 | 1,242,767,480 | 1,694,363,093 | 1,947,007,919 |
| Earnings Per Share (Won) | 4,336 | 17,832 | 24,002 | 27,063 |
| Diluted Earnings Per Share (Won) | 4,336 | 17,406 | 23,343 | 26,366 |

B. Changes to Accounting Standards Adopted During 2012

(1) Financial Instruments: Disclosures

The Company has applied the amendments to K-IFRS No. 1107, Financial Instruments: Disclosures since January 1, 2012. The amendments require disclosing the nature of transferred assets, their carrying amount, and the description of risks and rewards for each class of transferred financial assets that are not derecognized in their entirety. If the Company derecognizes transferred financial assets but still retains their specific risks and rewards, the amendments require additional disclosures of their risks.

(2) Presentation of financial statements

The Company adopted the amendments pursuant to the amended K-IFRS No. 1001, Presentation of Financial Statements starting with the year ended December 31, 2012. The Company's operating income is calculated as operating revenue less operating expense. Operating expense represents expense incurred from the Company's main operating activities and includes cost of products that have been resold and selling, general and administrative expenses.

C. Changes to Accounting Standards Adopted During 2013

(1) Presentation of Financial Statements

The Company has applied the amendments to K-IFRS No. 1001, Presentation of Financial Statements since January 1, 2013, classified items within other comprehensive income by nature and presented items that are not subsequently recycled through profit or loss and items that are subsequently reclassified if certain conditions are met as a group.

(2) Consolidated Financial Statements

The Company has applied the amendments to K-IFRS No. 1110, Consolidated Financial Statements since January 1, 2013. The standard introduces a single control model to determine whether an investee should be consolidated. Subsidiary is an entity that is controlled by a controlling entity or a subsidiary of a controlling company. A controlling entity or a subsidiary of a controlling company controls a subsidiary when the controlling entity or the subsidiary of the controlling company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

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(3) Joint Arrangements

The Company has applied the amendments to K-IFRS No. 1111, *Joint Arrangements* since January 1, 2013. The standard classifies joint arrangements into two types - joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. The standard requires a joint operator to recognize and measure the assets and liabilities (and recognize the related revenues and expenses) in relation to its interest in the arrangement in accordance with relevant IFRSs applicable to the particular assets, liabilities, revenues and expenses. The standard requires a joint venturer to recognize an investment and to account for that investment using the equity method.

(4) Disclosure of Interests in Other Entities

The Company has applied the amendments to K-IFRS No. 1112, *Disclosure of Interests in Other Entities* since January 1, 2013. The standard brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Company is currently assessing the disclosure requirements for interests in subsidiaries, interests in joint arrangements and associates and unconsolidated structured entities in comparison with the existing disclosures. The standard requires the disclosure of information about the nature, risks and financial effects of these interests.

(5) Employee Benefits

The Company has applied the amendments to K-IFRS No. 1019, *Employee Benefits* since January 1, 2013. The standard requires recognition of actuarial gains and losses immediately in other comprehensive income and to calculate expected return on plan assets based on the rate used to discount the defined benefit obligation.

(6) Fair Value Measurement

The Company has applied the amendments to K-IFRS No. 1113, *Fair Value Measurement* since January 1, 2013. The standard defines fair value and a single framework for fair value, and requires disclosures about fair value measurements.

D. Impact of Changes in Accounting Policies

(1) Consolidated Financial Statements

In accordance with the transitional provision on K-IFRS No. 1110, the Company assessed control on investees as of January 1, 2013, the initial adoption date of the standard, and there have been no changes in subsidiaries upon adoption of the standard.

(2) Presentation of Financial Statements

The Company early adopted the amendments to K-IFRS No. 1001, *Presentation of Financial Statements* since the interim period ended September 30, 2012 and separately present its operating income as operating revenue less operating expense on the separate statement of income.

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The Company retrospectively applied the amendment to K-IFRS No. 1001, for which the impact is as follows:

| <i>(In millions of won)</i> | For the three month ended March 31, 2012 |
|--|---|
| Operating income before adoption of the amendment | 457,702 |
| Differences: | |
| Other non-operating income | |
| Gain on disposal of property and equipment and intangible assets | 231 |
| Others | 4,475 |
| | (4,706) |
| Other non-operating expense | |
| Loss on disposal of property and equipment and intangible assets | 762 |
| Donations | 12,270 |
| Bad debt for accounts receivable other | 15,959 |
| Others | 678 |
| | 29,669 |
| Operating income after adoption of the amendment | 482,665 |

11. K-IFRS: Preparation, Impact to Financial Statements and Changes in the Accounting Principles Implemented

Transition to K-IFRS

The Company prepares its financial statements in accordance with K-IFRS starting from fiscal year 2011 which commenced on January 1, 2011. The Company's financial statements in previous periods were prepared in accordance with Korean GAAP. The Company's financial statements for fiscal year 2010, which are presented for comparison, were prepared in accordance with K-IFRS with January 1, 2010 as the transition date and pursuant to K-IFRS No. 1101, First-time Adoption of Korean International Financial Reporting Standards.

III. AUDITOR'S OPINION**1. Auditor (Consolidated)**

Quarter ended March 31, 2013
KPMG Samjong Accounting Corp.

Year ended December 31, 2012
KPMG Samjong Accounting Corp.

Year ended December 31, 2011
Deloitte Anjin LLC

2. Audit Opinion (Consolidated)

Period
Quarter ended March 31, 2013

Auditor's opinion
-

Issues noted
-

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| | | |
|------------------------------|-------------|---|
| Year ended December 31, 2012 | Unqualified | - |
| Year ended December 31, 2011 | Unqualified | - |

3. Auditor (Separate)

| | | |
|--|--|---|
| Quarter ended March 31, 2013 KPMG Samjong Accounting Corp. | Year ended December 31, 2012 KPMG Samjong Accounting Corp. | Year ended December 31, 2011 Deloitte Anjin LLC |
|--|--|---|

Table of Contents**4. Audit Opinion (Separate)**

| Period | Auditor's opinion | Issues noted |
|------------------------------|-------------------|--------------|
| Quarter ended March 31, 2013 | - | - |
| Year ended December 31, 2012 | Unqualified | - |
| Year ended December 31, 2011 | Unqualified | - |

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

(Unit: in thousands of Won / hour)

| Fiscal Year | Auditors | Contents | Fee | Total number of hours accumulated for the fiscal year |
|------------------------------|-------------------------------|--|-----------|---|
| Year ended December 31, 2013 | KPMG Samjong Accounting Corp. | Semi-annual review | 1,250,000 | 17,796 |
| | | Quarterly review | | |
| | | Separate financial statements audit | | |
| | | Consolidated financial statements audit | | |
| Year ended December 31, 2012 | KPMG Samjong Accounting Corp. | English financial statements review and other audit task | 1,220,000 | 19,583 |
| | | Semi-annual review | | |
| | | Quarterly review | | |
| | | Separate financial statements audit | | |
| Year ended December 31, 2011 | Deloitte Anjin LLC | Consolidated financial statements audit | 1,364,000 | 14,033 |
| | | English financial statements review and other audit task | | |
| | | Semi-annual review | | |
| | | Quarterly review | | |

Table of Contents**B. Non-Audit Services Contract with External Auditors**

(Unit: in thousands of Won)

| Period | Contract date | Service provided | Service duration | Fee |
|------------------------------|----------------|------------------|------------------|--------|
| Quarter ended March 31, 2013 | N/A | N/A | N/A | N/A |
| Year ended December 31, 2012 | N/A | N/A | N/A | N/A |
| Year ended December 31, 2011 | April 11, 2011 | Tax consulting | 30 days | 45,000 |
| | April 28, 2011 | Tax consulting | 30 days | 45,000 |

6. Change of Independent Auditors

Starting from 2012, the Company changed its independent auditors to KPMG Samjong Accounting Corp. from Deloitte Anjin LLC due to the expiration of the audit contract with Deloitte Anjin LLC.

IV. MANAGEMENT'S DISCUSSION AND ANALYSIS

Omitted in quarterly and half-year reports in accordance with Korean disclosure rules.

V. CORPORATE ORGANIZATION INCLUDING BOARD OF DIRECTORS AND AFFILIATED COMPANIES**1. Board of Directors****A. Overview of the Composition of the Board of Directors**

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

(As of May 8, 2013)

The number
of persons

8

Inside directors

Sung Min Ha, Dae Sik Cho,

Dong Seob Jee

Independent directorsRak Yong Uhm, Dae Shick Oh, Hyun Chin Lim, Jay Young
Chung, Jae Ho Cho

At the 29th General Shareholders Meeting held on March 22, 2013, Dae Sik Cho was elected as an inside director and Dae Shick Oh was elected as an independent director and a member of the audit committee.

Table of Contents**B. Significant Activities of the Board of Directors**

| Meeting | Date | Agenda | Approval |
|---------------------------------------|----------------------|---|----------------------|
| | | - Financial statement as of and for the year ended December 31, 2012 | Approved as proposed |
| | | - Annual business report as of and for the year ended December 31, 2012 | Approved as proposed |
| 351th (the 1st meeting of 2013) | February 7, 2013 | - Bond offering | Approved as proposed |
| | | - Report of internal accounting management | - |
| | | - Report for subsequent events following 4Q 2012 | - |
| | | - 2013 transaction of goods, services and assets with SK Planet | Approved as proposed |
| 352th (the 2nd meeting of 2013) | February 21, 2013 | - Convocation of the 29th annual general meeting of shareholders | Approved as proposed |
| | | - Result of internal accounting management system evaluation | - |
| | | - Election of chairman of the board of directors | Approved as proposed |
| 353th (the 3rd meeting of 2013) | March 22, 2013 | - Election of committee members | Approved as proposed |
| | | - Financial transactions with affiliated company (SK Securities) | Approved as proposed |
| | | - Sublease transaction of advisor offices | Approved as proposed |
| 354th (the 4rd meeting of 2013) | April 25, 2013 | - Budget and operation plans for 2013 SUPEX conferences | Approved as proposed |
| | | - Report for the period after the first quarter of 2013 | - |

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

C. Committees within Board of Directors

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(1) Committee Structure (As of May 8, 2013)

a) Compensation Review Committee

| Number of Persons | Members | | Task |
|----------------------|------------------|--|--|
| | Inside Directors | Independent Directors | |
| 5 | - | Rak Yong Uhm, Dae Shick Oh, Hyun Chin Lim, Jay Young Chung, Jae Ho Cho | Review CEO remuneration system and amount. |

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

b) Capex Review Committee

| Number of Persons | Members | | Task |
|----------------------|------------------|--|--|
| | Inside Directors | Independent Directors | |
| 5 | Dong Seob Jee | Rak Yong Uhm, Dae Shick Oh, Jay Young Chung, Jae Ho Cho | Review major investment plans and changes thereto. |

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

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c) Corporate Citizenship Committee

| Number of Persons | Members | | Task |
|------------------------------|-------------------------|--|---|
| | Inside Directors | Independent Directors | |
| 5 | Dong Seob Jee | Rak Yong Uhm, Hyun Chin Lim, Jay Young Chung, Jae Ho Cho | Review guidelines on Corporate Social Responsibility (CSR) programs, etc. |

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

d) Independent Director Nomination Committee

| Number of Persons | Members | | Task |
|------------------------------|-------------------------|------------------------------|-------------------------------------|
| | Inside Directors | Independent Directors | |
| 3 | Sung Min Ha | Dae Shick Oh, Hyun Chin Lim | Nomination of independent directors |

* Under the Korean Commercial Code, a majority of the members of the Independent Director Nomination Committee should be independent directors.

e) Audit Committee

| Number of Persons | Members | | Task |
|------------------------------|-------------------------|--|---|
| | Inside Directors | Independent Directors | |
| 4 | - | Dae Shick Oh, Hyun Chin Lim, Jay Young Chung, Jae Ho Cho | Review financial statements and supervise independent audit process, etc. |

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

Table of Contents**2. Audit System**

The Company's Audit Committee consists of four independent directors, Dae Shick Oh, Hyun Chin Lim, Jae Ho Cho and Jay Young Chung.

Major activities of the Audit Committee are as follows.

| Meeting | Date | Agenda | Approval | Remarks |
|-------------------------|-------------------|---|----------------------|---------|
| The 1st meeting of 2013 | February 6, 2013 | Construction of mobile phone facilities for 2013 | Approved as proposed | |
| | | Construction of transmission network facilities for 2013 | Approved as proposed | |
| | | Evaluation of internal accounting controls based on the opinion of the members of the audit committee | Approved as proposed | |
| | | Review business and audit results for the second half of 2012 and business and audit plan for 2013 | - | |
| | | Report of internal accounting management system | - | |
| | | Report on 2012 IFRS audit | - | |
| | | Report on review of 2012 internal accounting management system | - | |
| The 2nd meeting of 2013 | February 20, 2013 | Evaluation of internal accounting management system operation | Approved as proposed | |
| | | Agenda and document review for the 29th annual general meeting of shareholders | Approved as proposed | |
| | | Auditor's report for fiscal year 2012 | Approved as proposed | |
| The 3rd meeting of 2013 | March 21, 2013 | 2013 IT SM contract | Approved as proposed | |
| | | Transactions with SK C&C in the second quarter of 2013 | Approved as proposed | |
| | | Plans for financial transactions with affiliated company (SK Securities) | - | |
| The 4th meeting of 2013 | April 24, 2013 | Election of chairman | Approved as proposed | |
| | | Purchase of maintenance, repair and operations items from Happynarae Co., Ltd. | Approved as proposed | |
| | | Service contract for SK Telecom China Holdings Co., Ltd. | Approved as proposed | |
| | | Remuneration for outside auditor for fiscal year 2013 | Approved as proposed | |
| | | Outside auditor service plan for fiscal year 2013 | Approved as proposed | |
| | | Audit plan for fiscal year 2013 | - | |

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

3. Shareholders Exercise of Voting Rights**A. Voting System and Exercise of Minority Shareholders Rights**

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

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

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

Table of Contents**4. Affiliated Companies****A. Capital Investments between Affiliated Companies**

(As of March 31, 2013)

| Investing company | Invested companies | | | | | | | | | |
|-----------------------------------|--------------------|---------------|---------------|--------------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | SK Corporation | SK Innovation | SK Energy | SK Global Chemical | SK Telecom | SK Networks | SKC | SK E&C | SK Shipping | SK Securities |
| SK Holdings | | 33.4% | | | 25.2% | 39.1% | 42.5% | 40.0% | 83.1% | |
| SK Innovation | | | 100.0% | 100.0% | | | | | | |
| SK Energy | | | | | | | | | | |
| SK Global Chemical | | | | | | | | | | |
| SK Networks | | | | | | | | | | |
| SK Telecom | | | | | | | | | | |
| SK Chemicals | | | | | | 0.02% | | 25.4% | | |
| SKC | | | | | | | | | | |
| SK E&C | | | | | | | | | | |
| SK Gas | | | | | | | | | | |
| SK C&C | 31.8% | | | | | | | | | 10.0% |
| SK E&S | | | | | | | | | | |
| SK Communications | | | | | | | | | | |
| SK Broadband | | | | | | | | | | |
| SK D&D | | | | | | | | | | |
| SK Continental E-Motion | | | | | | | | | | |
| SK Lubricants | | | | | | | | | | |
| SK Shipping | | | | | | | | | | |
| SK Planet | | | | | | | | | | |
| SK Hynix | | | | | | | | | | |
| Ko-one Energy | | | | | | | | | | |
| SK Seentec | | | | | | | | | | |
| Total affiliated companies | 31.8% | 33.4% | 100.0% | 100.0% | 25.2% | 39.2% | 42.5% | 65.4% | 83.1% | 10.0% |

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| Investing company | Invested companies | | | | | | | | | |
|-----------------------------------|--------------------|--------------|--------------|---------------|---------------|-----------------------|--------------|--------------|----------------|------------------|
| | SK E&S | SK Gas | DOPCO | CCE | YN Energy | Ko-one Energy Service | SK Sci-tech | SK Telink | Busan City Gas | Jeonnam City Gas |
| SK Holdings | 94.1% | | | | | | | | | |
| SK Innovation | | | 41.0% | | | | | | | |
| SK Energy | | | | | | | | | | |
| SK Global Chemical | | | | | | | | | | |
| SK Networks | | | | | | | | | | |
| SK Telecom | | | | | | | | 83.5% | | |
| SK Chemicals | | 45.5% | | | | | 50.0% | | | |
| SK C | | | | | | | | | | |
| SK E&C | | | | | | | | | | |
| SK Gas | | | | | | | | | | |
| SK C&C | 5.9% | | | | | | | | | |
| SK E&S | | | | 100.0% | 100.0% | 99.7% | | | 40.0% | 100.0% |
| SK Communications | | | | | | | | | | |
| SK Broadband | | | | | | | | | | |
| SK D&D | | | | | | | | | | |
| SK Continental E-Motion | | | | | | | | | | |
| SK Lubricants | | | | | | | | | | |
| SK Shipping | | | | | | | | | | |
| SK Planet | | | | | | | | | | |
| SK Hynix | | | | | | | | | | |
| Ko-one Energy Service | | | | | | | | | | |
| SK Seentec | | 10.0% | | | | | | | | |
| Total affiliated companies | 100.0% | 55.5% | 41.0% | 100.0% | 100.0% | 99.7% | 50.0% | 83.5% | 40.0% | 100.0% |

| Investing company | Invested companies | | | | | | | | | |
|-------------------------|--------------------|--------|-------------|------------|---------|----------------------------------|------------|---------------|-----------------|----------------------|
| | Gangwon City Gas | JBES | M & Service | SK Wyverns | Infosec | Happynarae (formerly, MRO Korea) | SK Telesys | Encar network | F&U Credit Info | Hanam Energy Service |
| SK Holdings | | | | | | | | | | |
| SK Innovation | | | | | | 42.5% | | | | |
| SK Energy | | | | | | | | | | |
| SK Global Chemical | | | | | | | | | | |
| SK Networks | | | | | | | | | | |
| SK Telecom | | | | 100.0% | | 42.5% | | | 50.0% | |
| SK Chemicals | | | | | | | | | | |
| SK C | | | | | | | 50.0% | | | |
| SK E&C | | | | | | | | | | |
| SK Gas | | | | | | 5.0% | | | | |
| SK C&C | | | | | 100.0% | 5.0% | | 100.0% | | |
| SK E&S | 100.0% | 100.0% | | | | | | | | |
| SK Communications | | | | | | | | | | |
| SK Broadband | | | | | | | | | | |
| SK D&D | | | | | | | | | | |
| SK Continental E-Motion | | | | | | | | | | |
| SK Lubricants | | | | | | | | | | |
| SK Shipping | | | | | | | | | | |
| SK Planet | | | 100.0% | | | | | | | |
| SK Hynix | | | | | | | | | | |
| Ko-one Energy Service | | | | | | | | | | 100.0% |
| SK Seentec | | | | | | | | | | |

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| | | | | | | | | | | |
|----------------------------|--------|--------|--------|--------|--------|-------|-------|--------|-------|--------|
| Total affiliated companies | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 95.0% | 50.0% | 100.0% | 50.0% | 100.0% |
|----------------------------|--------|--------|--------|--------|--------|-------|-------|--------|-------|--------|

Table of Contents

| Investing company | Invested companies | | | | | | | | | |
|----------------------------|--------------------|---------|--------------------|-------------|------------------|------------------|-------------------|-----------|-------------|-------------|
| | SK D&D | Natruck | Loen Entertainment | Speed Motor | SK Mobile Energy | SK Petrochemical | SK Communications | SK Planet | SKC Air Gas | SKN service |
| SK Holdings | | | | | | | | | | |
| SK Innovation | | | | | 100.0% | | | | | |
| SK Energy | | 100.0% | | | | | | | | |
| SK Global Chemical | | | | | | 100.0% | | | | |
| SK Networks | | | | 100.0% | | | | | | 86.5% |
| SK Telecom | | | | | | | | 100.0% | | |
| SK Chemicals | | | | | | | | | | |
| SK C | | | | | | | | | 80.0% | |
| SK E&C | 40.4% | | | | | | | | | |
| SK Gas | | | | | | | | | | |
| SK C&C | | | | | | | | | | |
| SK E&S | | | | | | | | | | |
| SK Communications | | | | | | | | | | |
| SK Broadband | | | | | | | | | | |
| SK D&D | | | | | | | | | | |
| SK Continental E-Motion | | | | | | | | | | |
| SK Lubricants | | | | | | | | | | |
| SK Shipping | | | | | | | | | | |
| SK Planet | | | 67.6% | | | | 64.6% | | | |
| SK Hynix | | | | | | | | | | |
| Ko-one Energy Service | | | | | | | | | | |
| SK Seentec | | | | | | | | | | |
| Total affiliated companies | 40.4% | 100.0% | 67.6% | 100.0% | 100.0% | 100.0% | 64.6% | 100.0% | 80.0% | 86.5% |

| Investing company | Invested companies | | | | | | | | | |
|-------------------------|--------------------|-----------|-----------------------|--------------|-------|--------|--------------|--------|--------------------------|----------------------|
| | Commerce Planet | Real Vest | SKC Solmics Co., Ltd. | SK Broadband | LC&C | PMP | PS&Marketing | UBcare | PyongTaek Energy Service | Wirye Energy Service |
| SK Holdings | | | | | | | | | | |
| SK Innovation | | | | | | | | | | |
| SK Energy | | | | | | | | | | |
| SK Global Chemical | | | | | | | | | | |
| SK Networks | | | | | 79.6% | | | | | |
| SK Telecom | | | | 50.6% | | | | 100.0% | | |
| SK Chemicals | | | | | | | | | 44.0% | |
| SK C | | | 46.3% | | | | | | | |
| SK E&C | | 100.0% | | | | | | | | |
| SK Gas | | | | | | | | | | |
| SK C&C | | | | | | | | | | |
| SK E&S | | | | | | 100.0% | | | 100.0% | 71.0% |
| SK Communications | | | | | | | | | | |
| SK Broadband | | | | | | | | | | |
| SK D&D | | | | | | | | | | |
| SK Continental E-Motion | | | | | | | | | | |
| SK Lubricants | | | | | | | | | | |
| SK Shipping | | | | | | | | | | |
| SK Planet | 100.0% | | | | | | | | | |
| SK Hynix | | | | | | | | | | |
| Ko-one Energy Service | | | | | | | | | | |
| SK Seentec | | | | | | | | | | |

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| | | | | | | | | | | |
|----------------------------|--------|--------|-------|-------|-------|--------|--------|-------|--------|-------|
| Total affiliated companies | 100.0% | 100.0% | 46.3% | 50.6% | 79.6% | 100.0% | 100.0% | 44.0% | 100.0% | 71.0% |
|----------------------------|--------|--------|-------|-------|-------|--------|--------|-------|--------|-------|

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| Investing company | Invested companies | | | | | | | | | |
|-----------------------------------|----------------------|------------------|---------------|------------------|---------------|--------------|---------------|---------------|-----------------|---------------|
| | Jeju United FC | MKS Guarantee | SK Forest | SK Lubricants | MAD Smart | Bizen | SK HY ENG | HYSTEC | Silicon File | Ami Power |
| SK Holdings | | | 100.0% | | | | | | | |
| SK Innovation | | | | 100.0% | | | | | | |
| SK Energy | 100.0% | | | | | | | | | |
| SK Global Chemical | | | | | | | | | | |
| SK Networks | | | | | | | | | | |
| SK Telecom | | | | | | | | | | |
| SK Chemicals | | | | | | | | | | |
| SK C | | | | | | | | | | |
| SK E&C | | | | | | | | | | |
| SK Gas | | | | | | | | | | |
| SK C&C | | | | | | | 99.0% | | | |
| SK E&S | | | | | | | | | | |
| SK Communications | | | | | | | | | | |
| SK Broadband | | | | | | | | | | |
| SK D&D | | 100.0% | | | | | | | | |
| SK Continental E-Motion | | | | | | | | | | |
| SK Lubricants | | | | | | | | | | |
| SK Shipping | | | | | | | | | | |
| SK Planet | | | | | 100.0% | | | | | |
| SK Hynix | | | | | | | 100.0% | 100.0% | 27.9% | 100.0% |
| Ko-one Energy Service | | | | | | | | | | |
| SK Seentec | | | | | | | | | | |
| Total affiliated companies | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 99.0% | 100.0% | 100.0% | 27.9% | 100.0% |

| Investing company | Invested companies | | | | | | | | | |
|-------------------------|--------------------|--------------------------|--------------------------|-------|------------------------------|----------------|----------------|----------------|------------|---------------------------------|
| | SK Seentec | Daejeon Pure Water | Gwangju Pure Water | SKW | Television Media Korea | Network O&S | Service Ace | Service Top | SK Pinx | U base Manufacturing Asia |
| SK Holdings | | | | | | | | | | |
| SK Innovation | | | | | | | | | | |
| SK Energy | | | | | | | | | | |
| SK Global Chemical | | | | | | | | | | |
| SK Networks | | | | | | | | | 100.0% | |
| SK Telecom | | | | | | 100.0% | 100.0% | 100.0% | | |
| SK Chemicals | 100.0% | | | | | | | | | |
| SK C | | | | 65.0% | | | | | | |
| SK E&C | | 32.0% | 42.0% | | | | | | | |
| SK Gas | | | | | | | | | | |
| SK C&C | | | | | | | | | | |
| SK E&S | | | | | | | | | | |
| SK Communications | | | | | | | | | | |
| SK Broadband | | | | | | | | | | |
| SK D&D | | | | | | | | | | |
| SK Continental E-Motion | | | | | | | | | | 100.0% |
| SK Lubricants | | | | | | | | | | |
| SK Shipping | | | | | | | | | | |
| SK Planet | | | | | 51.0% | | | | | |
| SK Hynix | | | | | | | | | | |
| Ko-one Energy Service | | | | | | | | | | |
| SK Seentec | | | | | | | | | | |

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| | | | | | | | | | | |
|----------------------------|--------|-------|-------|-------|-------|--------|--------|--------|--------|--------|
| Total affiliated companies | 100.0% | 32.0% | 42.0% | 65.0% | 51.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
|----------------------------|--------|-------|-------|-------|-------|--------|--------|--------|--------|--------|

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| Investing company | Invested companies | | | | | | |
|-----------------------------------|--------------------|--------------------|---------------|--------------|-----------------|--------------------|-------------------------------|
| | SKSM | Ulsan Aromatics | SK Biofarm | SK Hynix | SKC Lighting | Gimcheon Energy | SK Continental E-Motion |
| SK Holdings | | | 100.0% | | | | |
| SK Innovation | | | | | | | |
| SK Energy | | | | | | | |
| SK Global Chemical | | 50.0% | | | | | |
| SK Networks | | | | | | | |
| SK Telecom | | | | 21.1% | | | |
| SK Chemicals | | | | | | | |
| SK C | | | | | 72.2% | | |
| SK E&C | | | | | | | |
| SK Gas | | | | | | | |
| SK C&C | | | | | | | |
| SK E&S | | | | | | 50.0% | |
| SK Communications | | | | | | | |
| SK Broadband | | | | | | | |
| SK D&D | | | | | | | |
| SK Continental E-Motion | | | | | | | 100.0% |
| SK Lubricants | | | | | | | |
| SK Shipping | 100.0% | | | | | | |
| SK Planet | | | | | | | |
| SK Hynix | | | | | | | |
| Ko-one Energy Service | | | | | | | |
| SK Seentec | | | | | | | |
| Total affiliated companies | 100.0% | 50.0% | 100.0% | 21.1% | 72.2% | 50.0% | 100.0% |

* Change in company names:

Ko-one Energy Service changed its name from Daehan City Gas

Ulsan Aromatics changed its name from Arochemi

Happynarae changed its name from MRO Korea

Bizen changed its name from Telsk

SK Hystec changed its name from Hystec

SK HY ENG changed its name from Hynix Engineering

Table of Contents**VI. SHAREHOLDERS****1. Shareholdings of the Largest Shareholder and Related Persons****A. Shareholdings of the Largest Shareholder and Related Persons**

(As of March 31, 2013)

(Unit: Shares, %)

| Name | Relationship | Type of share | Number of shares owned and ownership ratio | | | |
|-----------------------|----------------------------------|---------------|--|--------------------|--------------------------------------|--------------------|
| | | | Beginning of Period Number of shares | Ownership ratio | End of Period Number of shares | Ownership ratio |
| SK Holdings Co., Ltd. | Largest Shareholder | Common share | 20,363,452 | 25.22 | 20,363,452 | 25.22 |
| Tae Won Chey | Officer of affiliated company | Common share | 100 | 0.00 | 100 | 0.00 |
| Shin Won Chey | Officer of affiliated company | Common share | 2,000 | 0.00 | 2,000 | 0.00 |
| Sung Min Ha | Officer of affiliated company | Common share | 738 | 0.00 | 738 | 0.00 |
| Bang Hyung Lee* | Officer of affiliated company | Common share | 200 | 0.00 | 0 | 0.00 |
| Total- | | Common share | 20,366,490 | 25.22 | 20,366,290 | 25.22 |

* Resigned on January 31, 2012.

B. Overview of the Largest Shareholder

SK Holdings Co., Ltd. (SK Holdings) is a holding company and as of March 31, 2013, has nine subsidiaries: SK Innovation Co., Ltd., SK Telecom Co., Ltd., SK Networks Co., Ltd., SKC Co., Ltd., SK Shipping Co., Ltd., SK E&C Co., Ltd., SK E&S Co., Ltd., SK Biofarm Co., Ltd. and SK Forest Co., Ltd.

Details of the subsidiaries of SK Holdings are as follows:

(Unit: in millions of Won)

| Affiliates | Share Holdings | Book Value (million Won) | Industry | Description |
|-------------------------|-------------------|-----------------------------|----------------------------------|-----------------|
| SK Innovation Co., Ltd. | 33.4% | 3,944,657 | Energy and Petrochemical | Publicly Listed |
| SK Telecom Co., Ltd. | 25.2% | 3,091,125 | Telecommunication | Publicly Listed |
| SK Networks Co., Ltd. | 39.1% | 1,165,759 | Trading, Energy Sale | Publicly Listed |
| SKC Co., Ltd. | 42.5% | 254,632 | Synthetic Resin Manufacturing | Publicly Listed |
| SK E&C Co., Ltd. | 40.0% | 485,171 | Construction | Privately Held |
| SK Shipping Co., Ltd. | 83.1% | 607,643 | Ocean Freight | Privately Held |
| SK E&S Co., Ltd. | 94.1% | 1,026,307 | | Privately Held |

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| | | | Gas Company Holdings and Power Generation | |
|----------------------|--------|---------|--|----------------|
| SK Biofarm Co., Ltd. | 100.0% | 228,702 | Biotechnology | Privately Held |
| SK Forest Co., Ltd. | 100.0% | 60,200 | Forestry and landscaping | Privately Held |

* The above share holdings are based on common stock holdings as of March 31, 2013.

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

The rule is applicable to subsidiaries whose book value of the holding company's shareholding exceeds 10% of its total assets based on the financial statements as of December 31, 2012. SK Innovation Co., Ltd., SK Telecom Co., Ltd. and SK Networks Co., Ltd. are three such subsidiaries.

2. Changes in Shareholdings of the Largest Shareholder

Changes in shareholdings of the largest shareholder are as follows.

(As of March 31, 2013)

(Unit: Shares, %)

| Largest Shareholder | Date of the change in the largest shareholder/ Date of change in shareholding | Shares Held | Holding Ratio | Remarks |
|---------------------|--|-------------|---------------|--|
| SK Corporation | March 11, 2011 | 18,750,490 | 23.22 | Man Won Jung, SK Telecom's CEO, resigned Shin Bae Kim, SK C&C's CEO, resigned |
| | April. 5, 2011 | 18,749,990 | 23.22 | Dal Sup Shim, an Independent Director, disposed 500 shares |
| | July 8, 2011 | 18,749,990 | 23.22 | Shin Won Chey, SKC's Chairman, purchased 500 shares |
| | August 5, 2011 | 18,750,490 | 23.22 | Shin Won Chey, SKC's Chairman, purchased 500 shares |
| | August 23, 2011 | 18,751,490 | 23.22 | Shin Won Chey, SKC's Chairman, purchased 500 shares |
| | December 21, 2011 | 20,366,490 | 25.22 | SK Holdings purchased 1,615,000 shares |
| | January 31, 2012 | 20,366,290 | 25.22 | Retirement of Bang Hyung Lee, a former officer of an affiliated company |

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

Table of Contents**3. Distribution of Shares****A. Shareholders with ownership of 5% or more and others**

(As of December 31, 2012)

(Unit: shares, %)

| Rank | Name (title) | Common share | |
|------|--|------------------|-----------------|
| | | Number of shares | Ownership ratio |
| 1 | Citibank ADR | 19,377,247 | 24.00 |
| 2 | SK Holdings | 20,363,452 | 25.22 |
| 3 | SK Telecom | 11,050,712 | 13.69 |
| 4 | National Pension Service* | 4,928,904 | 6.10 |
| | Shareholdings under the Employee Stock Ownership Program** | 189,954 | 0.24 |

* Shares held as of February 6, 2013.

** Shares held as of March 31, 2013.

B. Shareholder Distribution

(As of December 31, 2012)

(Unit: shares, %)

| Classification | Number of shareholders | Ratio (%) | Number of shares | Ratio (%) | Remarks |
|-------------------------------|------------------------|-----------|------------------|-----------|---------|
| Total minority shareholders * | 23,891 | 99.78% | 25,939,500 | 32.12% | |

* Defined as shareholders whose shareholding is less than a hundredth of the total issued and outstanding shares.

4. Share Price and Trading Volume in the Last Six Months**A. Domestic Securities Market**

(Unit: Won, shares)

| Types | March 2013 | February 2013 | January 2013 | December 2012 | November 2012 | October 2012 |
|-----------------------------------|------------|---------------|--------------|---------------|---------------|--------------|
| Common stock Highest | 185,500 | 181,500 | 173,500 | 161,000 | 156,500 | 159,500 |
| Lowest | 176,500 | 170,000 | 150,000 | 151,500 | 148,000 | 145,500 |
| Monthly transaction volume | 4,078,714 | 5,273,834 | 4,963,152 | 3,490,158 | 3,941,628 | 3,423,464 |

B. Foreign Securities Market

New York Stock Exchange

(Unit: US\$, ADR)

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| Types | | March 2013 | February 2013 | January 2013 | December 2012 | November 2012 | October 2012 |
|-----------------------------------|----------------|---------------|------------------|-----------------|------------------|------------------|-----------------|
| Depository Receipt | Highest | 18.69 | 18.45 | 17.98 | 16.48 | 15.94 | 16.19 |
| | Lowest | 17.63 | 17.14 | 15.69 | 15.40 | 15.09 | 14.48 |
| Monthly transaction volume | | 26,144,041 | 45,507,772 | 42,451,234 | 26,702,427 | 34,396,407 | 24,874,194 |

Table of Contents**VII. EMPLOYEES AND DIRECTORS****1. Employees**

(As of March 31, 2013)

(Unit: persons, in thousands of Won)

| Classification | Number of employees | | | | Average service year | Aggregate wage for the | Average wage per person | Remarks |
|----------------|---------------------|--------------------|--------|--------------|----------------------|------------------------------|-------------------------|---------|
| | Regular employees | Contract employees | Others | Total | | year ended December 31, 2012 | | |
| Male | 3,516 | 54 | | 3,570 | 13 | 200,013,197 | 55,948 | |
| Female | 528 | 66 | | 594 | 11 | 24,138,286 | 39,964 | |
| Total | 4,044 | 120 | | 4,164 | 13 | 224,151,483 | 53,638 | |

* Excludes retirement and severance payments to employees whose employment was terminated before the end of the respective employment periods.

2. Compensation of Directors**A. Amount Approved at the Shareholders Meeting**

(Unit: in millions of Won)

| Classification | Number of Directors | Aggregate Amount Approved |
|----------------|---------------------|---------------------------|
| Directors | 8 | 12,000 |

B. Amount Paid

(As of March 31, 2013)

(Unit: in millions of Won)

| Classification | Number of Directors | Aggregate Amount Paid | Average Amount Paid Per Director |
|-------------------------|---------------------|-----------------------|----------------------------------|
| Insider Directors | 3 | 1,861 | 620 |
| Independent Directors* | 1 | 23 | 23 |
| Audit Committee Members | 4 | 91 | 23 |
| Total | 8 | 1,975 | 247 |

* Excludes independent directors who are Audit Committee members.

Table of Contents**VIII. RELATED PARTY TRANSACTIONS****1. Loans to the Largest Shareholder and Related Persons**

None

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

None.

B. Transfer of Assets

None.

3. Related Party Transactions (excluding Transactions with the Largest Shareholder and Related Persons)**A. Provisional Payment and Loans (including loans on marketable securities)**

(Unit: in millions of Won)

| Name (Corporate name) | Relationship | Account | Change details | | | Ending | Accrued interest | Remarks |
|-----------------------|--------------|--------------------------------|----------------|----------|----------|--------|------------------|---------|
| | | category | Beginning | Increase | Decrease | | | |
| Midus and others | Agency | Long-term and short-term loans | 89,491 | 99,138 | 91,232 | 97,397 | | |

(Unit: in millions of Won)

| Name (Corporate name) | Relationship | Account | Change details | | | Ending | Accrued interest | Remarks |
|------------------------------|--------------|-----------------|----------------|----------|----------|--------|------------------|---------|
| | | category | Beginning | Increase | Decrease | | | |
| Daehan Kanggun BcN Co., Ltd. | Investee | Long-term loans | 22,102 | | | 22,102 | | |

IX. OTHER INFORMATION RELATING TO THE PROTECTION OF INVESTORS**1. Developments in the Items Mentioned in Prior Reports on Important Business Matters****A. Status and Progress of Major Management Events**

None.

Table of Contents**B. Summary Minutes of the General Meeting of Shareholders**

| Date | Agenda | Resolution |
|--|--|---|
| 27 th Fiscal Year Meeting of Shareholders (March 11, 2011) | 1. Approval of the financial statements for the year ended December 31, 2010 | Approved (Cash dividend, Won 8,400 per share) |
| | 2. Approval of Remuneration Limit for Directors | Approved |
| | 3. Amendment to Company Regulation on Executive Compensation | Approved (Won 12 billion) |
| | 4. Election of Directors | Approved (Sung Min Ha, Jin Woo So) |
| | Election of inside directors | Approved (Rak Young Uhm, Jay Young Chung, Jae Ho Cho) |
| | Election of independent directors | Approved (Jay Young Chung, Jae Ho Cho) |
| | Election of independent directors as Audit Committee member | |
| 1 st Extraordinary Meeting of Shareholders (August 31, 2011) | 1. Approval of the Spin-off Plan | Approved (Spin-off of SK Planet) |
| | 2. Election of Directors | Approved (Jun Ho Kim) |
| 28 th Fiscal Year Meeting of Shareholders (March 23, 2012) | 1. Approval of the financial statements for the year ended December 31, 2011 | Approved (Cash dividend, Won 8,400 per share) |
| | 2. Amendment to Articles of Incorporation | Approved |
| | 3. Election of Directors | Approved (Young Tae Kim) |
| | Election of inside directors | Approved (Dong Seob Jee) |
| | Election of inside directors | Approved (Hyun Chin Lim) |
| | Election of independent directors | |

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| | | | |
|--|----|---|---|
| 29 th Fiscal Year Meeting of Shareholders (March 22, 2013) | 4. | Election of an independent director as Audit Committee member | Approved (Hyun Chin Lim) |
| | 5. | Approval of Remuneration Limit for Directors | Approved (Won 12 billion) |
| | 1. | Approval of the financial statements for the year ended December 31, 2012 | Approved (Cash dividend, Won 8,400 per share) |
| | 2. | Amendments to Articles of Incorporation | Approved |
| | 3. | Election of Directors | Approved (Dae Sik Cho) |
| | | Election of an inside director | Approved (Dae Shick Oh) |
| | | Election of an independent director | |
| | 4. | Election of an independent director as Audit Committee member | Approved (Dae Shick Oh) |
| | 5. | Approval of Remuneration Limit for Directors | Approved (Won 12 billion) |

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2. Contingent Liabilities

[SK Telecom]

A. Material Legal Proceedings

(1) Claim for Copyright License Fees regarding Coloring Services

On May 7, 2010, Korea Music Copyright Association (KOMCA) filed a lawsuit with the court demanding that the Company pay KOMCA license fees for the Company s Coloring services. The court rendered a judgment against the Company ordering the Company to pay Won 570 million to KOMCA, which was affirmed by the appellate court on October 26, 2011. The Company appealed to the Supreme Court on November 8, 2011. The Company plans to vigorously defend itself in the Supreme Court by supplementing legal analysis relating to the interpretation of legal actions. While the Company does not expect this litigation to have an immediate impact on its business or results of operation because the judgment amount is Won 570 million and the final outcome of the litigation has not been decided, the Company may be required to pay increased on-going license fees in the future if the final judgment is rendered against it.

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

B. Other Matters

(1) Pledged Assets and Covenants

SK Broadband has provided geun mortgage amounting to Won 15.2 billion to others, including Ilsan Guksa, on a part of its buildings in connection with the leasing of the buildings.

In 2011, PS&Marketing, a consolidated subsidiary of the Company, entered into a loan agreement to borrow up to Won 40 billion of working capital from Shinhan Bank. In connection with the loan agreement, it pledged Won 52 billion of its inventories to Shinhan Bank as collateral.

(2) Payment Guarantee by the Company

The Company is participating in the tactical aeronautics project of the Defense Acquisition Program Administration of Korea (the DAPA), together with the Joint Defense Corporation. The Company has guaranteed the payment of US\$3,897,196 that the DAPA has prepaid to the Joint Defense Corporation.

[SK Broadband]

A. Material Legal Proceedings

(1) SK Broadband as the Plaintiff

(Unit: in thousands of Won)

| Description of Proceedings | Date of Commencement of Proceedings | Amount of Claim | Status |
|----------------------------|-------------------------------------|-----------------|----------------|
| | September 2009 | 1,810,000 | Pending before |

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| | | | |
|--|---------------|------------------|--------------------------------------|
| Claim for Cancellation of Korea Fair Trade Commission's Penalty Reassessment | | | Supreme Court |
| Claim relating to Gangnamgu District Office Cable-Burying Project | | | Pending before |
| Administrative Proceeding relating to Gangnamgu District Office | March 2010 | 345,271 | Supreme Court Pending before |
| Damages Claims against Golden Young and Others | April 2010 | 703,440 | Administrative Court |
| Damages Claim relating to Hyundai Construction | April 2011 | 454,267 | Pending before District Court |
| Other claims and proceedings | December 2010 | 561,282 | Pending before Appellate Court |
| | | 2,000 | |
| Total | | 3,876,261 | |

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(2) SK Broadband as the Defendant

(Unit: in thousands of Won)

| Description of Proceedings | Date of Commencement of Proceedings | Amount of Claim | Status |
|---|-------------------------------------|------------------|--------------------------------|
| Damage Claim by Sun Technology and One Other | October 2011 | 1,006,429 | Pending before Appellate Court |
| Damages Claim from Jin Man Cho and One Other | January 2011 | 200,000 | Pending before Appellate Court |
| Damages Claim by Mac Telecom and Five Other Companies | January 2012 | 606,000 | Pending before District Court |
| Damages Claim by On-nuri Co., Ltd. | December 2011 | 101,000 | Pending before District Court |
| Damages Claim by Haein Networks | March 2013 | 101,000 | Pending before District Court |
| Other claims and proceedings | | 166,584 | |
| Total | | 2,181,013 | |

The management believes that the final results of the litigations listed above would not have a material impact on the company's financial statements. In addition, in 2011, SK Broadband partly lost in a litigation relating to the leak of personal information at the district court, which ordered SK Broadband to pay damages of Won 5,459 million (out of the plaintiffs' claims of Won 24,689 million), and recognized such damage order as other accounts payable.

[SK Communications]**A. Material Legal Proceedings**

As of March 31, 2013, the aggregate amount of claims was Won 6.1 billion. The management cannot reasonably forecast the outcome of the pending cases.

B. Other Contingent Liabilities

The material payment guarantees provided by third parties to SK Communications as of March 31, 2013 are set forth in the table below.

(Unit: in thousands of Won)

| Financial Institution | Guarantee | Amount |
|-----------------------------------|---|-----------|
| Seoul Guarantee Insurance Company | Prepaid coverage payment guarantee | 700,000 |
| Seoul Guarantee Insurance Company | Provisional deposit guarantee insurance for bonds | 1,068,051 |
| Seoul Guarantee Insurance Company | Contractual payment guarantee | 514,161 |

[SK Planet]**A. Material Legal Proceedings**

As of March 31, 2013, there were two pending proceedings with SK Planet as the defendant and the aggregate amount of the claims was Won 1.2 billion. The management cannot reasonably forecast the outcome of the pending cases and no amount in connection with these proceedings

were recognized on the Company's financial statements.

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

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

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

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

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

On March 14, 2012, the Company received a correctional order from the Fair Trade Commission of Korea for an alleged violation of Article 23 of the Fair Trade Act relating to the handset subsidy practice and distribution of handsets and was imposed a fine of Won 21,928 million. The Company appealed the order and filed a suit with the administrative court. The suit is currently pending.

On February 6, 2012, the Company received three penalty points and was imposed a fine of Won 3 million from the Korea Exchange for a violation of Article 35 of Korea Exchange's disclosure rules. The Company paid the fine and has been taking efforts to prevent a repetitive violation.

On June 21, 2012, the Company received a correctional order from the Korea Communications Commission in connection with its decision on whether the Company had violated regulations related to the safeguarding of location information. The Company completed the improvement of the procedures in consultation with the Korea Communications Commission by December 2012.

On July 4, 2012, the Company received a correctional order and a fine of Won 24,987 million from the Fair Trade Commission of Korea for alleged violation of Article 23 of the Fair Trade Act relating to the payment of system management and operation fees. The Company appealed the order and filed a suit with the administrative court. On September 12, 2012, the Company received a formal written letter from the Fair Trade Commission of Korea with a corrected fine of Won 25,042 million, which also includes the fine for transactions in the first half of 2012.

On December 24, 2012, the Korea Communications Commission imposed on the Company a fine of Won 6.89 billion, imposed a suspension on acquiring new subscribers from January 31, 2013 to February 21, 2013 and issued a correctional order for providing discriminatory subsidiaries to subscribers. The Company paid the fine and completed the improvement of the procedures in consultation with the Korea Communications Commission by March 2013.

On January 11, 2013, the Company received a correctional order and a fine of Won 100 million from the Fair Trade Commission of Korea for alleged violation of Article 23 of the Fair Trade Act relating to the Company's transactions with its distribution network. The Company paid the fine by May 10, 2013.

On March 14, 2013, the Korea Communications Commission imposed on the Company a fine of Won 3.14 billion and issued a correctional order in a case for providing discriminatory subsidiaries to subscribers. The Company paid the fine and completed the improvement of the procedures in consultation with the Korea Communications Commission by April 2013.

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Certain former executive officers of the Company were acquitted in district court with respect to certain of the Company's past transactions. An appeal has been filed at the applicable high court, where the case is currently pending.

[SK Broadband]

(1) Violation of Accounting Rules

Date: December 13, 2012

Subject Company: SK Broadband

Sanction: SK Broadband was imposed a fine of Won 39 million from the Korea Communications Commission.

Reason and the relevant law: Business report for 2011 violated accounting rules under Article 49 of the Telecommunication Business Act.

Status of Implementation: Paid the fine.

Company's plan: Will improve accounting management system.

(2) Violation of the Telecommunications Business Act

Date: May 18, 2012

Subject Company: SK Broadband

Sanction: SK Broadband received a correctional order and a fine of Won 253 million

Reason and relevant law: Violation of Article 50, Paragraph 1, Number 5 of the Telecommunications Business Act and Article 50, Paragraph 1 of the related Enforcement Decree for offering discounts outside the terms and conditions of the subscription agreement to certain subscribers and thereby discriminating against certain subscribers

Status of implementation: Paid the fine, ceased the prohibitive practice, disclosed receiving the correctional order in a newspaper advertisement and changed business practice to prevent reoccurrence.

Company's plan: Continuous management of the company's distribution network and improve the company's distribution structure.

(3) Violation of Accounting Rules

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Date: January 20, 2012

Subject Company: SK Broadband

Sanction: SK Broadband was imposed a fine of Won 54 million from the Korea Communications Commission.

Reason and the Relevant Law: Business report for 2010 violated accounting rules under Article 49 of the Telecommunication Business Act.

Status of Implementation: Paid the fine.

Company's Plan: Will improve accounting management system.

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(4) Violation of the Telecommunication Business Act

Date: November 23, 2011

Subject Company: SK Broadband

Sanction: SK Broadband was imposed a fine of Won 30 million from the Korea Communications Commission.

Reason and the Relevant Law: Violated Telecommunication Business Act by allocating 060 number without prior review and charging fees for the service usage.

Status of Implementation: Paid the fine, stopped the prohibited practice, improved operating procedures and reported the results.

Company's Plan: Will improve operating procedures.

(5) Violation of the Act on Facilitation of the Use of Information Network and Protection of Information

Date: July 14, 2011

Subject: SK Broadband and a former officer of SK Broadband

Sanction: SK Broadband was imposed a fine of Won 15 million and the former officer was imposed a fine of Won 5 million.

Reason and the Relevant Law: Violated Articles 24 and 62 of the Act on Facilitation of the Use of Information Network and Protection of Information by providing subscribers' personal information to telemarketers without subscribers' consents.

Status of Implementation: Paid the fine.

Company's Plan: Provide education to officers and employees and strengthen internal regulations.

(6) Violation of the Telecommunication Business Act

Date: February 21, 2011

Subject Company: SK Broadband

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Sanction: SK Broadband was imposed a correctional order and a fine of Won 3.2 billion from the Korea Communications Commission.

Reason and the Relevant Law: Improperly discriminated subscribers with respect to the fee reduction in the process of acquiring high-speed Internet subscribers. Violated Article 50 of the Telecommunication Business Act and Article 42 of the Enforcement Decree.

Status of Implementation: Paid the fine, stopped the prohibited practice, published the sanction on newspapers, improved operating procedures and amended the terms of services.

Company's Plan: Continue to monitor marketing networks, improve marketing procedures, distribute incentive items directly and reduce incentive items.

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4. Important Matters That Occurred After March 31, 2013

[SK Telecom]

(1) Bond offering

On April 23, 2013, the Company issued two tranches of fixed-rate unsecured bonds in the principal amounts of Won 230 billion (with an annual interest rate of 3.03% and maturity date of April 23, 2023) and Won 130 billion (with an annual interest rate of 3.22% and maturity date of April 23, 2033).

[SK Planet]

(1) Merger

On April 22, 2013, the board of directors of SK Planet resolved to merge MAD Smart into SK Planet to combine the companies' ICT capacities and increase its competitiveness in the platform business. The merger will be effective on June 1, 2013. In connection with this merger, SK Planet will not issue any new shares.

5. Use of Proceeds

A. Use of Proceeds from Public Offerings

Not applicable.

B. Use of Proceeds from Private Offerings

(Unit: In millions of Won)

| Classification | Closing Date | Proceeds | Planned Use of Proceeds | Actual Use of Proceeds | Reasons for Change |
|-------------------|---------------|----------|---|---------------------------------|--------------------|
| Convertible Bonds | April 7, 2009 | 437,673 | Refinancing of convertible bonds issued in May 2004 | Refinancing and working capital | |

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SK TELECOM CO., LTD.

Condensed Consolidated Interim Financial Statements

(Unaudited)

March 31, 2013 and 2012

(With Independent Auditors' Review Report Thereon)

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Independent Auditors' Review Report

Based on a report originally issued in Korean

To The Board of Directors and Shareholders

SK Telecom Co., Ltd.:

Reviewed financial statements

We have reviewed the accompanying condensed consolidated interim financial statements of SK Telecom Co., Ltd. and its subsidiaries (the Group), which comprise the condensed consolidated statement of financial position as of March 31, 2013, the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2013 and 2012 and notes, comprising a summary of significant accounting policies and other explanatory information.

We did not review the financial statements of SK Broadband Co., Ltd., a domestic subsidiary, and an associate, whose financial statements constitute 19.6% of the Group's consolidated total assets as of March 31, 2013 and 11.9% (2012: 15.2%) of the Group's consolidated operating revenue for the three-month period ended March 31, 2013. Other auditors reviewed those financial statements and our report, insofar as it relates to the amounts included for these entities, is based solely on the reports of other auditors.

Management's responsibility

Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Korean International Financial Reporting Standards (K-IFRS) No.1034, Interim Financial Reporting, and for such internal controls as management determines necessary to enable the preparation of condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to issue a report on these condensed consolidated interim financial statements based on our reviews.

We conducted our reviews in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review consists principally of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of Korea and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews and the reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements referred to above are not prepared fairly, in all material respects, in accordance with K-IFRS No.1034 Interim Financial Reporting.

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Highlights

As discussed in note 35, during the three-month period ended June 30, 2012 the Group decided to discontinue the broadcasting business operation due to the accumulating losses resulting from the continuing decline in satellite digital multimedia broadcasting subscribers. The Group has presented operating results of this broadcasting business as loss from discontinued operation and accordingly restated the comparative information of the statement of income for the three-month period ended March 31, 2012.

As discussed in note 3 to the condensed consolidated interim financial statements, the Group adopted amendments to K-IFRS No.1001, Presentation of Financial Statements from the interim period ended September 30, 2012 and separately presents operating income on the consolidated statements of income, which is calculated as operating revenue less operating expense. The Group applied this change in accounting policies retrospectively and accordingly restated the comparative information of the consolidated statement of income for the three-month period ended March 31, 2012.

Other matters

The statement of financial position of the Group as of December 31, 2012, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by us and our report thereon, dated February 22, 2013, expressed an unqualified opinion. The accompanying condensed consolidated statement of financial position of the Group as of December 31, 2012, presented for comparative purposes, is not different from that audited by us in all material respects.

The procedures and practices utilized in the Republic of Korea to review such condensed consolidated interim financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying condensed consolidated interim financial statements are for use by those knowledgeable about Korean review standards and their application in practice.

KPMG Samjong Accounting Corp.

Seoul, Korea

May 10, 2013

This report is effective as of May 10, 2013, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

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SK TELECOM CO., LTD. and Subsidiaries

Condensed Consolidated Statements of Financial Position

As of March 31, 2013 and December 31, 2012

| <i>(In millions of won)</i> | Note | March 31, 2013 | December 31, 2012 |
|---------------------------------------|---------------|-------------------|----------------------|
| Assets | | | |
| Current Assets: | | | |
| Cash and cash equivalents | 10,31,32 | 1,124,348 | 920,125 |
| Short-term financial instruments | 5,10,31,32 | 338,651 | 514,417 |
| Short-term investment securities | 8,10,31,32 | 188,454 | 60,127 |
| Accounts receivable - trade, net | 6,10,31,32,33 | 2,223,429 | 1,954,920 |
| Short-term loans, net | 6,31,32,33 | 93,306 | 84,908 |
| Accounts receivable - other, net | 6,31,32,33 | 697,239 | 582,098 |
| Prepaid expenses | 10 | 111,256 | 102,572 |
| Derivative financial assets | 21,31,32 | 13,677 | 9,656 |
| Inventories, net | 7,10,34 | 205,115 | 242,146 |
| Assets classified as held for sale | 9 | 2,143 | 775,556 |
| Advanced payments and other | 6,10,31,32 | 84,060 | 47,896 |
| Total Current Assets | | 5,081,678 | 5,294,421 |
| Non-Current Assets: | | | |
| Long-term financial instruments | 5,10,31,32 | 634 | 144 |
| Long-term investment securities | 8,10,31,32 | 990,700 | 953,712 |
| Investments in associates | 10,11 | 4,817,238 | 4,632,477 |
| Property and equipment, net | 10,12,34 | 9,577,989 | 9,712,719 |
| Investment property, net | 13 | 26,140 | 27,479 |
| Goodwill | 14 | 1,736,161 | 1,744,483 |
| Intangible assets, net | 10,15 | 2,653,778 | 2,689,658 |
| Long-term loans, net | 6,10,31,32 | 61,942 | 69,299 |
| Long-term prepaid expenses | 34 | 25,321 | 31,341 |
| Guarantee deposits | 5,6,10,31,32 | 238,697 | 236,242 |
| Long-term derivative financial assets | 21,31,32 | 84,062 | 52,992 |
| Deferred tax assets | 10,29 | 85,669 | 124,098 |
| Other non-current assets | 6,31,32 | 28,833 | 26,494 |
| Total Non-Current Assets | | 20,327,164 | 20,301,138 |
| Total Assets | | 25,408,842 | 25,595,559 |

See accompany notes to the condensed consolidated interim financial statements.

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SK TELECOM CO., LTD. and Subsidiaries

Condensed Consolidated Statements of Financial Position, Continued

As of March 31, 2013 and December 31, 2012

| <i>(In millions of won)</i> | Note | March 31, 2013 | December 31, 2012 |
|--|----------------|-------------------|----------------------|
| Liabilities and Equity | | | |
| Current Liabilities: | | | |
| Short-term borrowings | 16 | 160,000 | 600,245 |
| Current portion of long-term debt, net | 10,16,19,31,32 | 910,255 | 892,867 |
| Accounts payable - trade | 10,31,32 | 253,537 | 253,884 |
| Accounts payable - other | 10,31,32 | 2,203,409 | 1,811,038 |
| Withholdings | 10,31,32 | 834,663 | 717,170 |
| Accrued expenses | 10,31,32 | 979,105 | 890,863 |
| Income tax payable | 29 | 102,955 | 60,253 |
| Unearned revenue | 10 | 509,912 | 258,691 |
| Provisions | 18 | 208,427 | 287,307 |
| Advanced receipts and other | 10,31,32 | 124,845 | 108,272 |
| Liabilities classified as held for sale | 9 | | 294,305 |
| Total Current Liabilities | | 6,287,108 | 6,174,895 |
| Non-Current Liabilities: | | | |
| Debentures, net, excluding current portion | 16,31,32 | 5,731,863 | 4,979,220 |
| Long-term borrowings, excluding current portion | 16,31,32 | 18,412 | 369,237 |
| Long-term payables - other | 17,31,32 | 565,599 | 715,508 |
| Long-term unearned revenue | | 150,409 | 160,821 |
| Finance lease liabilities | 19,31,32 | 18,106 | 22,036 |
| Defined benefit liabilities | 10,20 | 102,342 | 86,521 |
| Long-term derivative financial liabilities | 21,31,32 | 28,802 | 63,599 |
| Long-term provisions | 18 | 76,667 | 106,561 |
| Other non-current liabilities | 31,32 | 61,834 | 62,379 |
| Total Non-Current Liabilities | | 6,754,034 | 6,565,882 |
| Total Liabilities | | 13,041,142 | 12,740,777 |
| Equity | | | |
| Share capital | 1,22 | 44,639 | 44,639 |
| Capital deficit and other capital adjustments | 10,22,23 | (351,978) | (288,883) |
| Retained earnings | 24 | 11,890,283 | 12,124,657 |
| Reserves | 25 | 2,176 | (25,636) |
| Equity attributable to owners of the Parent Company | | 11,585,120 | 11,854,777 |
| Non-controlling interests | | 782,580 | 1,000,005 |
| Total Equity | | 12,367,700 | 12,854,782 |
| Total Liabilities and Equity | | 25,408,842 | 25,595,559 |

See accompanying notes to the condensed consolidated interim financial statements.

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SK TELECOM CO., LTD. and Subsidiaries

Condensed Consolidated Statements of Income

For the three-month periods ended March 31, 2013 and 2012

| <i>(In millions of won except for per share data)</i> | Note | March 31, 2013 | March 31, 2012 |
|---|--------|-------------------|-------------------|
| Continuing operations | | | |
| Operating revenue: | 4,33 | | |
| Revenue | | 4,112,637 | 3,969,711 |
| Operating expense: | 33 | | |
| Labor cost | | 448,619 | 355,533 |
| Commissions paid | | 1,450,758 | 1,414,443 |
| Depreciation and amortization | 4 | 640,839 | 580,260 |
| Network interconnection | | 252,549 | 296,151 |
| Leased line | | 113,629 | 118,935 |
| Advertising | | 64,906 | 69,903 |
| Rent | | 110,866 | 106,876 |
| Cost of products that have been resold | | 320,673 | 271,436 |
| Other operating expenses | 26 | 299,165 | 256,880 |
| Sub-total | | 3,702,004 | 3,470,417 |
| Operating income | 3,4 | 410,633 | 499,294 |
| Finance income | 4,28 | 37,450 | 68,205 |
| Finance costs | 4,28 | (148,763) | (110,954) |
| Gains (losses) related to investments in subsidiaries, associates and joint ventures, net | 4,9,11 | 161,325 | (27,583) |
| Other non-operating income | 4,27 | 13,863 | 9,942 |
| Other non-operating expenses | 27 | (46,602) | (44,054) |
| Profit before income tax | | 427,906 | 394,850 |
| Income tax expense from continuing operations | 29 | (81,972) | (84,576) |
| Profit from continuing operations | | 345,934 | 310,274 |
| Discontinued operation | | | |
| Loss from discontinued operation, net of income taxes | 35 | | (9,893) |
| Profit for the period | | 345,934 | 300,381 |
| Attributable to: | | | |
| Owners of the Parent Company | | 354,154 | 306,424 |
| Non-controlling interests | | (8,220) | (6,043) |
| Earnings per share | 30 | | |
| Basic earnings per share | | 5,081 | 4,397 |
| Diluted earnings per share | | 5,081 | 4,312 |
| Earnings per share - Continuing operations | 30 | | |

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| | | |
|----------------------------|-------|-------|
| Basic earnings per share | 5,081 | 4,539 |
| Diluted earnings per share | 5,081 | 4,454 |

See accompanying notes to the condensed consolidated interim financial statements.

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SK TELECOM CO., LTD. and Subsidiaries

Condensed Consolidated Statements of Comprehensive Income

For the three-month periods ended March 31, 2013 and 2012

(In millions of won)

| | Note | March 31, 2013 | March 31, 2012 |
|--|-------|-------------------|-------------------|
| Profit for the period | | 345,934 | 300,381 |
| Other comprehensive income (loss) | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Actuarial losses on defined benefit obligations, net | 20 | (3,083) | (3,691) |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Net change in unrealized fair value of available-for-sale financial assets | 25,28 | (19,237) | (14,232) |
| Net change in other comprehensive income of investments in associates and joint ventures | 25 | 48,964 | 6,435 |
| Net change in unrealized fair value of derivatives | 25,28 | (7,450) | (17,981) |
| Foreign currency translation differences for foreign operations | 25 | 6,208 | (10,319) |
| | | 25,402 | (39,788) |
| Total comprehensive income | | 371,336 | 260,593 |
| Total comprehensive income attributable to: | | | |
| Owners of the Parent Company | | 378,876 | 271,631 |
| Non-controlling interests | | (7,540) | (11,038) |

See accompanying notes to the condensed consolidated interim financial statements.

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SK TELECOM CO., LTD. and Subsidiaries

Condensed Consolidated Statements of Changes in Equity

For the three-month periods ended March 31, 2013 and 2012

(In millions of won)

| | Controlling Interest | | | | Sub-total | Non-controlling interests | Total equity |
|---|----------------------|---------------------------------------|-------------------|-----------------|-------------------|---------------------------|-------------------|
| | Share capital | Capital deficit and other adjustments | Retained earnings | Reserves | | | |
| Balance, January 1, 2012 | 44,639 | (285,347) | 11,642,525 | 260,064 | 11,661,881 | 1,070,828 | 12,732,709 |
| Cash dividends | | | (585,438) | | (585,438) | (1,956) | (587,394) |
| Total comprehensive income | | | | | | | |
| Profit (loss) for the period | | | 306,424 | | 306,424 | (6,043) | 300,381 |
| Other comprehensive loss | | | (4,169) | (30,624) | (34,793) | (4,995) | (39,788) |
| Changes in ownership in subsidiaries | | (5,341) | | | (5,341) | (8,577) | (13,918) |
| Balance, March 31, 2012 | 44,639 | (290,688) | 11,359,342 | 229,440 | 11,342,733 | 1,049,257 | 12,391,990 |
| Balance, January 1, 2013 | 44,639 | (288,883) | 12,124,657 | (25,636) | 11,854,777 | 1,000,005 | 12,854,782 |
| Cash dividends | | | (585,438) | | (585,438) | (2,032) | (587,470) |
| Total comprehensive income | | | | | | | |
| Profit (loss) for the period | | | 354,154 | | 354,154 | (8,220) | 345,934 |
| Other comprehensive income (loss) | | | (3,090) | 27,812 | 24,722 | 680 | 25,402 |
| Business combination under common control | | (61,854) | | | (61,854) | | (61,854) |
| Changes in ownership in subsidiaries | | (1,241) | | | (1,241) | (207,853) | (209,094) |
| Balance, March 31, 2013 | 44,639 | (351,978) | 11,890,283 | 2,176 | 11,585,120 | 782,580 | 12,367,700 |

See accompanying notes to the condensed consolidated interim financial statements.

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SK TELECOM CO., LTD. and Subsidiaries

Condensed Consolidated Statements of Cash Flows

For the three-month periods ended March 31, 2013 and 2012

| <i>(In millions of won)</i> | Note | March 31, 2013 | March 31, 2012 |
|---|------|-------------------|-------------------|
| Cash flows from operating activities: | | | |
| Cash generated from operating activities | | | |
| Profit for the period | | 345,934 | 300,381 |
| Adjustments for income and expenses | 36 | 772,594 | 825,200 |
| Changes in assets and liabilities related to operating activities | 36 | (393,493) | 144,288 |
| Sub-total | | 725,035 | 1,269,869 |
| Interest received | | 11,017 | 30,335 |
| Dividends received | | 1 | 22,333 |
| Interest paid | | (86,091) | (97,361) |
| Income tax refund received (income tax paid) | | 24,186 | (4,008) |
| Net cash provided by operating activities | | 674,148 | 1,221,168 |
| Cash flows from investing activities: | | | |
| Cash inflows from investing activities: | | | |
| Decrease in short-term financial instruments, net | | 198,336 | 403,106 |
| Collection of short-term loans | | 93,124 | 54,153 |
| Proceeds from disposal of long-term financial instruments | | 106,679 | |
| Proceeds from disposal of long-term investment securities | | 10,811 | 28,780 |
| Proceeds from disposal of investments in associates | | 1,250 | 1,850 |
| Proceeds from disposal of property and equipment | | 3,083 | 2,137 |
| Proceeds from disposal of intangible assets | | 742 | 1,792 |
| Proceeds from disposal of assets held for sale | | 190,393 | |
| Collection of long-term loans | | 5,750 | 3,416 |
| Decrease of deposits | | 3,110 | 3,378 |
| Proceeds from disposal of other non-current assets | | 344 | 41 |
| Proceeds from disposal of a subsidiary | | 7,221 | 88,602 |
| Sub-total | | 620,843 | 587,255 |
| Cash outflows for investing activities: | | | |
| Increase in short-term investment securities, net | | (19,996) | (45,000) |
| Increase in short-term loans | | (99,312) | (49,466) |
| Increase in long-term loans | | (522) | (793) |
| Increase in long-term financial instruments | | | (3) |
| Acquisition of long-term investment securities | | (1,003) | (16,228) |
| Acquisition of investments in associates and joint ventures | | (22,128) | (3,068,050) |
| Acquisition of property and equipment | | (522,415) | (530,977) |
| Acquisition of intangible assets | | (16,948) | (32,706) |
| Increase in deposits | | (6,501) | (6,375) |
| Increase in other non-current assets | | (2,948) | |
| Acquisition of business, net of cash acquired | | (94,805) | (11,867) |
| Sub-total | | (786,578) | (3,761,465) |

Net cash used in investing activities

(165,735)

(3,174,210)

See accompanying notes to the condensed consolidated interim financial statements.

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SK TELECOM CO., LTD. and Subsidiaries

Condensed Consolidated Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2013 and 2012

| <i>(In millions of won)</i> | Note | March 31, 2013 | March 31, 2012 |
|--|------|--------------------|-------------------|
| Cash flows from financing activities: | | | |
| Cash inflows from financing activities: | | | |
| Proceeds from short-term borrowings | | 40,000 | 642,989 |
| Issuance of debentures | | 656,359 | 318,696 |
| Proceeds from long-term borrowings | | | 2,054,944 |
| Cash inflows from transaction of derivatives | | 2,199 | 1,517 |
| Sub-total | | 698,558 | 3,018,146 |
| Cash outflows for financing activities: | | | |
| Repayment of short-term borrowings | | (480,245) | (202,317) |
| Repayment of current portion of long-term debt | | (161,575) | (95,446) |
| Repayment of debentures | | | (634,398) |
| Repayment of long-term borrowings | | (352,561) | (2,693) |
| Cash outflows from transaction of derivatives | | | (3,157) |
| Payment of finance lease liabilities | | (5,491) | (4,993) |
| Decrease in cash from transactions with owners of the Parent Company | | (3,871) | (1,025) |
| Sub-total | | (1,003,743) | (944,029) |
| Net cash provided by (used in) financing activities | | (305,185) | 2,074,117 |
| Net increase in cash and cash equivalents | | 203,228 | 121,075 |
| Cash and cash equivalents at beginning of the period | | 920,125 | 1,650,794 |
| Effects of exchange rate changes on cash and cash equivalents | | 995 | (2,478) |
| Cash and cash equivalents at end of the period | | 1,124,348 | 1,769,391 |

See accompanying notes to the condensed consolidated interim financial statements.

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

1. Reporting Entity**(1) General**

SK Telecom Co., Ltd. (the Parent Company) was incorporated in March 1984 under the laws of Republic of Korea (Korea) to engage in providing cellular telephone communication services in Korea. The Parent Company mainly provides wireless telecommunications in Korea. The Parent Company's common shares and depositary receipts (DRs) are listed on the Stock Market of Korea Exchange, the New York Stock Exchange and the London Stock Exchange. As of March 31, 2013, the Parent Company's total issued shares are held by the following:

| | Number of shares | Percentage of total shares issued (%) |
|---|---------------------|--|
| SK Holdings Co., Ltd. | 20,363,452 | 25.22 |
| National Pension | 4,928,904 | 6.10 |
| Institutional investors and other minority stockholders | 44,402,643 | 54.99 |
| Treasury stock | 11,050,712 | 13.69 |
| Total number of shares | 80,745,711 | 100.00 |

These condensed consolidated interim financial statements comprise the Parent Company and its subsidiaries (together referred to as the Group and individuals as Group entities). SK Holdings Co., Ltd. is the ultimate controlling entity of the Parent Company because it has *de facto* control of the Parent Company. An entity is viewed to have de facto control when the balance of holdings is dispersed and the other shareholders have not organized their interests in such a way that they exercise more votes than the minority holder.

(2) List of subsidiaries

The list of subsidiaries as of March 31, 2013 and December 31, 2012 is as follows:

| Subsidiary | Location | Primary business | Ownership(%) | |
|---|----------|---------------------------------------|-------------------|----------------------|
| | | | March 31, 2013 | December 31, 2012 |
| SK Telink Co., Ltd. | Korea | Telecommunication service | 83.5 | 83.5 |
| M&Service Co., Ltd.(*) | | Data base and online information | | |
| | Korea | agency | 100.0 | |
| SK Communications Co., Ltd. | Korea | Internet website services | 64.6 | 64.6 |
| PAXNet Co., Ltd.(*) | Korea | Internet website services | | 59.7 |
| Loen Entertainment, Inc. | Korea | Release of music disc. | 67.6 | 67.6 |
| Stonebridge Cinema Fund | Korea | Investment association | 57.0 | 57.0 |
| Commerce Planet Co., Ltd. | Korea | Online shopping mall operation agency | 100.0 | 100.0 |
| SK Broadband Co., Ltd. | Korea | Telecommunication services | 50.6 | 50.6 |
| Broadband Media Co., Ltd.(*) | Korea | Multimedia TV portal services | | 100.0 |
| K-net Culture and Contents Venture Fund | Korea | Investment association | 59.0 | 59.0 |

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| | | | | |
|-------------------------------------|-------|---------------------------------------|-------|-------|
| Fitech Focus Limited Partnership II | Korea | Investment association | 66.7 | 66.7 |
| Open Innovation Fund | Korea | Investment association | 98.9 | 98.9 |
| PS&Marketing Corporation | Korea | Communications device retail business | 100.0 | 100.0 |
| Service Ace Co., Ltd. | Korea | Customer center management service | 100.0 | 100.0 |
| Service Top Co., Ltd. | Korea | Customer center management service | 100.0 | 100.0 |
| Network O&S Co., Ltd. | Korea | Base station maintenance service | 100.0 | 100.0 |

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

1. Reporting Entity, Continued

(2) List of subsidiaries, Continued

| Subsidiary | Location | Primary business | Ownership(%) | |
|--|-----------|--------------------------------------|-------------------|----------------------|
| | | | March 31, 2013 | December 31, 2012 |
| BNCP Co., Ltd. | Korea | Internet website services | 100.0 | 100.0 |
| SK Planet Co., Ltd. | | Telecommunication service and new | | |
| | Korea | media business | 100.0 | 100.0 |
| Madsmart, Inc. | Korea | Application software production | 100.0 | 100.0 |
| SK Telecom China Holdings Co., Ltd. | China | Investment association | 100.0 | 100.0 |
| SKY Property Mgmt. Ltd.(*) | Virgin | | | |
| | Island | Real estate investment | | 60.0 |
| Shenzhen E-eye High Tech Co., Ltd. | China | Manufacturing | 65.5 | 65.5 |
| SK Global Healthcare Business Group., Ltd. | | | | |
| | China | Investment association | 100.0 | 100.0 |
| SK China Real Estate Co., Ltd.(*) | Hong Kong | Real estate investment | | 99.4 |
| SK Planet Japan | Japan | Digital contents sourcing service | 100.0 | 100.0 |
| SKT Vietnam PTE. Ltd. | Singapore | Telecommunication service | 73.3 | 73.3 |
| SK Planet Global PTE. Ltd. | Singapore | Digital contents sourcing service | 100.0 | 100.0 |
| SKT Americas, Inc. | USA | Information gathering and consulting | 100.0 | 100.0 |
| SKP America LLC. | USA | Digital contents sourcing service | 100.0 | 100.0 |
| YTK Investment Ltd. | Cayman | Investment association | 100.0 | 100.0 |
| Atlas Investment | Cayman | Investment association | 100.0 | 100.0 |
| Technology Innovation Partners, L.P. | Cayman | Investment association | 100.0 | 100.0 |
| SK Telecom China Fund I L.P. | Cayman | Investment association | 100.0 | 100.0 |

(*) Changes in subsidiaries are explained in Note 1-(4).

In accordance with the accounting policy relating to the scope of consolidation, small-sized subsidiaries including IM Shopping Inc. were excluded from the list of subsidiaries as the effects on the financial statements are not material considering both individual and overall quantitative and qualitative effects, although the Group has ownership interests of more than 50% on those subsidiaries.

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

1. Reporting Entity, Continued

(3) Condensed financial information of subsidiaries

Condensed financial information of subsidiaries as of and for the three-month period ended March 31, 2013 is as follows:

(In millions of won)

| Subsidiary | Total assets | Total liabilities | Total equity | Revenue | Profit (loss) |
|--|-------------------------|------------------------------|-------------------------|----------------|--------------------------|
| SK Telink Co., Ltd. | 235,892 | 125,031 | 110,861 | 109,701 | 281 |
| M&Service Co., Ltd. | 64,770 | 31,882 | 32,888 | 28,087 | 1,143 |
| SK Communications Co., Ltd. | 252,462 | 64,577 | 187,885 | 33,059 | (7,478) |
| Loen Entertainment, Inc. | 184,127 | 54,745 | 129,382 | 50,470 | 5,960 |
| Stonebridge Cinema Fund | 10,556 | 421 | 10,135 | | 73 |
| Commerce Planet Co., Ltd. | 30,751 | 31,778 | (1,027) | 16,444 | 317 |
| SK Broadband Co., Ltd. | 2,887,589 | 1,772,347 | 1,115,242 | 605,172 | 5,204 |
| K-net Culture and Contents Venture Fund | 24,999 | | 24,999 | | (13,765) |
| Fitech Focus Limited Partnership II | 22,131 | 283 | 21,848 | | (767) |
| Open Innovation Fund | 29,168 | 426 | 28,742 | | (14,650) |
| PS&Marketing Corporation | 300,847 | 167,243 | 133,604 | 305,976 | (2,535) |
| Service Ace Co., Ltd. | 50,637 | 24,246 | 26,391 | 45,766 | 1,920 |
| Service Top Co., Ltd. | 44,325 | 25,294 | 19,031 | 39,547 | 1,663 |
| Network O&S Co., Ltd. | 60,374 | 33,477 | 26,897 | 48,419 | 1,954 |
| BNCP Co., Ltd. | 12,751 | 7,349 | 5,402 | 3,892 | (9,231) |
| SK Planet Co., Ltd. | 2,185,902 | 667,389 | 1,518,513 | 295,438 | (10,157) |
| Madsmart, Inc. | 2,176 | 373 | 1,803 | | (1,222) |
| SK Telecom China Holdings Co., Ltd. | 37,857 | 2,824 | 35,033 | 5,123 | 1,047 |
| Shenzhen E-eye High Tech Co., Ltd. | 19,639 | 1,777 | 17,862 | 2,109 | 30 |
| SK Global Healthcare Business Group., Ltd. | 25,784 | | 25,784 | | |
| SK Planet Japan | 1,064 | 163 | 901 | 108 | (404) |
| SKT Vietnam PTE. Ltd. | 39,649 | 9,310 | 30,339 | | (1,221) |
| SK Planet Global PTE. Ltd. | 1,839 | 42 | 1,797 | 89 | (239) |
| SKT Americas, Inc. | 38,809 | 547 | 38,262 | 1,693 | (2,630) |
| SKP America LLC. | 5,486 | 1,644 | 3,842 | | |
| YTK Investment Ltd. | 66,487 | | 66,487 | | |
| Atlas Investment(*) | 52,557 | 90 | 52,467 | | (331) |

(*) The financial information of Atlas Investment includes financial information of Technology Innovation Partners, L.P. and SK Telecom China Fund I L.P., subsidiaries of Atlas Investment.

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

1. Reporting Entity, Continued

(3) Condensed financial information of subsidiaries, Continued

Condensed financial information of subsidiaries as of and for the year ended December 31, 2012 is as follows:

(In millions of won)

| Subsidiary | Total assets | Total liabilities | Total equity | Revenue | Profit (loss) |
|--|---------------------|--------------------------|---------------------|----------------|----------------------|
| SK Telink Co., Ltd. | 241,977 | 128,191 | 113,786 | 341,084 | (74,951) |
| SK Communications Co., Ltd. | 265,819 | 70,483 | 195,336 | 197,153 | (35,334) |
| PAXNet Co., Ltd. | 31,400 | 9,173 | 22,227 | 34,237 | (156) |
| Loen Entertainment, Inc. | 173,079 | 44,998 | 128,081 | 185,016 | 23,839 |
| Stonebridge Cinema Fund | 10,965 | 903 | 10,062 | 509 | 5,707 |
| Commerce Planet Co., Ltd. | 34,007 | 35,351 | (1,344) | 52,507 | 655 |
| SK Broadband Co., Ltd. | 3,035,657 | 1,656,923 | 1,378,734 | 2,486,317 | 26,412 |
| Broadband media Co., Ltd. | 50,574 | 320,727 | (270,153) | 90,602 | (3,396) |
| K-net Culture and Contents Venture Fund | 43,779 | 15 | 43,764 | | (1,778) |
| Fitech Focus Limited Partnership II | 22,547 | | 22,547 | | (3,934) |
| Open Innovation Fund | 43,394 | | 43,394 | | (788) |
| PS&Marketing Corporation | 317,613 | 181,737 | 135,876 | 1,484,492 | (9,662) |
| Service Ace Co., Ltd. | 48,956 | 24,461 | 24,495 | 146,554 | 3,418 |
| Service Top Co., Ltd. | 43,332 | 25,963 | 17,369 | 133,705 | 4,198 |
| Network O&S Co., Ltd. | 165,818 | 140,853 | 24,965 | 377,909 | 7,970 |
| BNCP Co., Ltd. | 24,000 | 9,367 | 14,633 | 26,167 | (2,463) |
| SK Planet Co., Ltd. | 1,647,965 | 381,620 | 1,266,345 | 1,034,697 | 11,977 |
| Madmart, Inc. | 1,591 | 724 | 867 | 635 | (2,756) |
| SK Telecom China Holdings Co., Ltd. | 35,233 | 1,782 | 33,451 | 25,755 | (151) |
| SKY Property Mgmt. Ltd.(*1) | 773,413 | 294,305 | 479,108 | 70,808 | 10,390 |
| Shenzhen E-eye High Tech Co., Ltd. | 18,915 | 1,788 | 17,127 | 9,590 | (1,068) |
| SK Global Healthcare Business Group., Ltd. | 25,784 | | 25,784 | | |
| SK Planet Japan | 47 | 4 | 43 | | (63) |
| SKT Vietnam PTE. Ltd. | 38,331 | 7,904 | 30,427 | 990 | (8) |
| SK Planet Global PTE. Ltd. | 636 | 130 | 506 | | (526) |
| SKT Americas, Inc. | 36,378 | 784 | 35,594 | 10,712 | (10,837) |
| SKP America LLC. | 6,669 | 2,431 | 4,238 | 109 | (3,301) |
| YTK Investment Ltd. | 64,036 | | 64,036 | | |
| Atlas Investment(*2) | 51,065 | 205 | 50,860 | | (4,324) |

(*1) The financial information of Sky Property Mgmt. Ltd. includes the financial information of SK China Real Estate Co., Ltd., a subsidiary of Sky Property Mgmt. Ltd..

(*2) The financial information of Atlas Investment includes financial information of Technology Innovation Partners, L.P. and SK Telecom China Fund I L.P., subsidiaries of Atlas Investment.

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

1. Reporting Entity, Continued

(4) Changes in subsidiaries

- 1) The list of subsidiary that was newly included during the three-month period ended March 31, 2013 is as follows:

| Subsidiary | Reason |
|---------------------|--|
| M&Service Co., Ltd. | The Group acquired additional ownership interest in M&Service Co., Ltd. and obtained control |

- 2) The list of subsidiaries that were excluded during the three-month period ended March 31, 2013 is as follows:

| Subsidiary | Reason |
|--------------------------------|---|
| PAXNet Co., Ltd. | The Parent Company sold its investment during the period. |
| Broadband media Co., Ltd. | Merged into SK Broadband Co., Ltd. during the period. |
| SKY Property Mgmt. Ltd. | The Parent Company sold its investment during the period. |
| SK China Real Estate Co., Ltd. | The Parent Company sold its investment during the period. |

- (5) The information of significant non-controlling interests of consolidated entities as of and for the three-month period ended March 31, 2013, and for the year ended December 31, 2012 is as follows:

(In millions of won)

| | March 31, 2013 | |
|--|--------------------------------|------------------------|
| | SK Communications Co., Ltd. | SK Broadband Co., Ltd. |
| Ownership of non-controlling interests (%) | 35.4 | 49.4 |
| Current assets | 131,756 | 552,489 |
| Non-current assets | 120,706 | 2,335,100 |
| Current liabilities | (56,986) | (718,785) |
| Non-current liabilities | (7,591) | (1,053,562) |
| Net assets | 187,885 | 1,115,242 |
| Adjustment for fair value | | 136,711 |
| Net assets of consolidated entities | 187,885 | 1,251,953 |
| Carrying amount of non-controlling interests | 66,619 | 618,922 |
| Revenue | 33,059 | 605,172 |
| Profit (loss) for the period | (7,478) | 5,204 |
| Amortization of adjustment for fair value | | (7,744) |
| Loss of the consolidated entities | (7,478) | (2,540) |
| Total comprehensive income (loss) | (7,470) | 5,532 |
| Loss attributable to non-controlling interests | (2,650) | (1,256) |

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| | | |
|--|---------|-----------|
| Net cash provided by (used in) operating activities | (8,398) | 98,416 |
| Net cash provided by investing activities | 2,619 | 114,402 |
| Net cash provided by (used in) financing activities | 19 | (159,553) |
| Net increase (decrease) in cash and cash equivalents | (5,760) | 53,265 |

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

1. Reporting Entity, Continued*(In millions of won)*

| | December 31, 2012 | | |
|--|-----------------------------------|-------------------------------|--------------------------------|
| | SK Communications Co., Ltd. | SK Broadband Co., Ltd.(*1) | SKY Property Mgmt. Ltd.(*2) |
| Ownership of non-controlling interests(%) | 35.4 | 49.4 | 40.0 |
| Current assets | 99,599 | 684,804 | 69,093 |
| Non-current assets | 166,220 | 2,394,352 | 704,319 |
| Current liabilities | (64,811) | (907,000) | (51,068) |
| Non-current liabilities | (5,672) | (1,061,608) | (243,236) |
| Net assets | 195,336 | 1,110,548 | 479,108 |
| Adjustment for fair value | | 144,455 | |
| Net assets of consolidated entities | 195,336 | 1,255,003 | 479,108 |
| Carrying amount of non-controlling interests | 69,222 | 621,055 | 195,907 |
| Revenue | 197,153 | 2,492,160 | 70,808 |
| Profit (loss) for the period | (35,334) | 22,499 | 10,390 |
| Amortization of adjustment for fair value | | (72,192) | |
| Profit (loss) of the consolidated entities | (35,334) | (49,693) | 10,390 |
| Total comprehensive Income(loss) | (36,785) | 17,397 | (23,948) |
| Profit (loss) attribute to non-controlling interests | (12,525) | (24,595) | 4,156 |
| Net cash provided by (used in) operating activities | (14,925) | 375,848 | 16,258 |
| Net cash provided by (used in) Investing activities | 5,319 | (287,975) | (396) |
| Net cash provided by (used in) financing activities | 92 | (224,837) | (1,405) |
| Net increase (decrease) in cash and cash equivalents | (9,514) | (136,964) | 14,457 |

(*1) The condensed financial information of SK Broadband Co., Ltd. is consolidated financial information which includes financial information of Broadband Media Co., Ltd., a subsidiary of SK Broadband Co., Ltd.

(*2) The condensed financial information of Sky Property Mgmt. Ltd. is consolidated financial information which includes financial information of SK China Real Estate Co., Ltd., a subsidiary of Sky Property Mgmt. Ltd.

There were no dividends received for the three-month period ended March 31, 2013 and for the year ended December 31, 2012.

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

2. Basis of Preparation

(1) Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with Korean International Financial Reporting Standards (K-IFRS), as prescribed in *the Act on External Audits of Stock Companies*.

These condensed consolidated interim financial statements were prepared in accordance with K-IFRS No. 1034, *Interim Financial Reporting* as part of the period covered by the Group's K-IFRS annual financial statements. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended December 31, 2012. These condensed consolidated interim financial statements do not include all of the disclosures required for full annual financial statements.

(2) Use of estimates and judgments

The preparation of the condensed consolidated interim financial statements in conformity with K-IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as of and for the year ended December 31, 2012.

(3) Common control transactions

SK Holdings Co., Ltd. (the Ultimate Controlling Entity) is the Ultimate Controlling Entity of the Parent Company because it has de facto control of the Parent Company. Accordingly, gains and losses from business acquisitions and dispositions involving entities that are under the control of the Ultimate Controlling Entity are accounted for as common control transactions within equity.

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

3. Significant Accounting Policies

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as of and for the year ended December 31, 2012. The following changes in accounting policy are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending December 31, 2013.

(1) Changes in accounting policies

1) K-IFRS No. 1001, Presentation of Financial Statements

The Group has applied the amendments to K-IFRS No. 1001, Presentation of Financial Statements since January 1, 2013, classified items within other comprehensive income by nature and presented items that are not subsequently recycled through profit or loss and items that are subsequently reclassified if certain conditions are met as a group.

2) K-IFRS No.1110, Consolidated Financial Statements

The Group has applied the amendments to K-IFRS No. 1110, Consolidated Financial Statements since January 1, 2013. The standard introduces a single control model to determine whether an investee should be consolidated. Subsidiary is an entity that is controlled by a controlling entity or a subsidiary of a controlling company. A controlling entity or a subsidiary of a controlling company controls a subsidiary when the controlling entity or the subsidiary of the controlling company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

3) K-IFRS No.1111, Joint Arrangements

The Group has applied the amendments to K-IFRS No. 1111, Joint Arrangements since January 1, 2013. The standard classifies joint arrangements into two types - joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement. The standard requires a joint operator to recognize and measure the assets and liabilities (and recognize the related revenues and expenses) in relation to its interest in the arrangement in accordance with relevant IFRSs applicable to the particular assets, liabilities, revenues and expenses. The standard requires a joint venture to recognize an investment and to account for that investment using the equity method.

4) K-IFRS No.1112, Disclosure of Interests in Other Entities

The Group has applied the amendments to K-IFRS No. 1112, Disclosure of Interests in Other Entities since January 1, 2013. The standard brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group is currently assessing the disclosure requirements for interests in subsidiaries, interests in joint arrangements and associates and unconsolidated structured entities in comparison with the existing disclosures. The standard requires the disclosure of information about the nature, risks and financial effects of these interests.

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

3. Significant Accounting Policies, Continued

(1) Changes in accounting policies, Continued

5) K-IFRS No. 1019, Employee Benefits

The Group has applied the amendments to K-IFRS No. 1019, Employee Benefits since January 1, 2013. The standard requires recognition of actuarial gains and losses immediately in other comprehensive income and to calculate expected return on plan assets based on the rate used to discount the defined benefit obligation.

6) Amendments to K-IFRS No. 1113, Fair Value Measurement

The Group has applied the amendments to K-IFRS No. 1113, Fair Value Measurement since January 1, 2013. The standard defines fair value and a single framework for fair value, and requires disclosures about fair value measurements.

(2) Impact of changes in accounting policies

1) K-IFRS No.1110, Consolidated Financial Statements

In accordance with the transitional provision on K-IFRS No. 1110, the Group assessed control on investees as of January 1, 2013, the initial adoption date of the standard, and there have been no changes in subsidiaries upon adoption of the standard.

2) K-IFRS No. 1001, Presentation of Financial Statements

The Group early adopted the amendments to K-IFRS No. 1001, Presentation of Financial Statements since the interim period ended September 30, 2012 and separately present its operating income as operating revenue less operating expense on the consolidated statement of income.

The Group retrospectively applied the amendment to K-IFRS No. 1001, for which the impact is as follows:

(In millions of won)

| | For the three-month ended March 31, 2012 |
|--|---|
| Operating income before adoption of the amendment | 465,182 |
| Differences: | |
| Other non-operating income | |
| Fees revenues | (465) |
| Gain on disposal of property and equipment and intangible assets | (1,010) |
| Others | (8,467) |

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| | |
|--|---------|
| | (9,942) |
| Other non-operating expense | |
| Impairment loss on property and equipment and intangible assets | 3,429 |
| Loss on disposal of property and equipment and intangible assets | 1,994 |
| Donations | 12,908 |
| Bad debt for accounts receivable - other | 19,687 |
| Others | 6,036 |
| | 44,054 |
| Operating income after adoption of the amendment | 499,294 |

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

3. Significant Accounting Policies, Continued

(3) New standards and interpretations not yet adopted

The following new standards, interpretations and amendments to existing standards have been published and are mandatory for the Group for annual periods beginning after January 1, 2013, and the Group has not early adopted them.

1) K-IFRS No.1032, Financial Instruments: Presentation

The amendments clarified the application guidance related to offsetting a financial asset and a financial liability . The amendment is mandatorily effective for periods beginning on or after January 1, 2014 with earlier application permitted.

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

4. Operating Segments

The Group's operating segments have been determined to be each business unit, for which the Group provides independent services and merchandise. The Group's reportable segments are: 1) cellular services, which include cellular voice service, wireless data service and wireless internet services, and 2) fixed-line telecommunication services, which include telephone services, internet services, and leased line services. All other operating segments, which include the Group's internet portal services and other operations, do not meet the quantitative thresholds to be considered reportable segments and are presented as Other.

Cellular services include cellular voice service, wireless data service and wireless internet services. Fixed-line telecommunication services include telephone services, internet services, and leased line services. Other includes the Group's Internet portal services, game manufacturing and other immaterial operations.

As discussed in Note 35, during the 3-month period ended June 30, 2012, the Group decided to cease the broadcasting business due to the accumulating losses resulting from the continuing decline in satellite digital multimedia broadcasting subscribers. The comparative consolidated financial statements for the 3-month period ended March 31, 2012 have been retrospectively adjusted for discontinued operations

(1) Details of the segment information as of and for the three-month period ended March 31, 2013 are as follows:

(In millions of won)

| | Cellular Services | Fixed-line Telecommunication services | Other | Sub-total | Consolidation adjustments | Consolidated amount |
|---|----------------------|---|-----------|------------|------------------------------|------------------------|
| Total revenue | 3,551,807 | 714,873 | 435,747 | 4,702,427 | (589,790) | 4,112,637 |
| Internal revenue | 286,793 | 134,245 | 168,752 | 589,790 | (589,790) | |
| External revenue | 3,265,014 | 580,628 | 266,995 | 4,112,637 | | 4,112,637 |
| Depreciation and amortization | 479,302 | 131,590 | 29,947 | 640,839 | | 640,839 |
| Operating income | 423,524 | 7,914 | (20,805) | 410,633 | | 410,633 |
| Finance income and costs, net | | | | | | (111,313) |
| Gain related to investments in subsidiaries, associates and joint ventures, net | | | | | | 161,325 |
| Other non-operating income and expense, net | | | | | | (32,739) |
| Profit from continuing operations before income tax | | | | | | 427,906 |
| Total assets | 22,878,131 | 3,123,480 | 3,037,280 | 29,038,891 | (3,630,049) | 25,408,842 |
| Total liabilities | 10,607,538 | 1,897,378 | 856,846 | 13,361,762 | (320,620) | 13,041,142 |

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

4. Operating Segments, Continued

(2) Details of the segment information as of and for the three-month period ended March 31, 2012 are as follows:

(In millions of won)

| | Cellular Services | Fixed-line Telecommunication services | Other | Sub-total | Consolidation adjustments | Consolidated amount |
|---|----------------------|---|-----------|------------|------------------------------|------------------------|
| Total revenue | 3,430,413 | 675,841 | 398,039 | 4,504,293 | (534,582) | 3,969,711 |
| Internal revenue | 216,612 | 144,139 | 173,831 | 534,582 | (534,582) | |
| External revenue | 3,213,801 | 531,702 | 224,208 | 3,969,711 | | 3,969,711 |
| Depreciation and amortization | 402,416 | 122,261 | 55,583 | 580,260 | | 580,260 |
| Operating income | 494,372 | 3,247 | 1,675 | 499,294 | | 499,294 |
| Finance income and costs, net | | | | | | (42,749) |
| Loss related to investments in subsidiaries, associates and joint ventures, net | | | | | | (27,583) |
| Other non-operating income and expense, net | | | | | | (34,112) |
| Profit from continuing operations before income tax | | | | | | 394,850 |
| Total assets | 23,537,231 | 3,442,233 | 3,294,060 | 30,273,524 | (3,726,623) | 26,546,901 |
| Total liabilities | 11,642,535 | 2,152,591 | 819,822 | 14,614,948 | (460,037) | 14,154,911 |

Intersegment sales and purchases are conducted on an arms-length basis and eliminated on consolidation. Since there are no intersegment sales of inventory, there is no unrealized intersegment profit to be eliminated on consolidation. The Group principally operates its business in its domestic market in Korea and the amounts outside of Korea are immaterial, therefore no entity-wide geographical information is presented.

No single customer contributed 10% or more to the Group's total revenue for the three-month periods ended March 31, 2013 and 2012.

5. Restricted Deposits

Deposits which are restricted in use as of March 31, 2013 and December 31, 2012 are summarized as follows:

(In millions of won)

| | March 31, 2013 | December 31, 2012 |
|-------------------------------------|----------------|-------------------|
| Short-term financial instruments(*) | 95,717 | 241,587 |
| Long-term financial instruments(*) | 103 | 106 |
| Guarantee deposits | 40 | 40 |
| | 95,860 | 241,733 |

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- (*) Financial instruments include charitable trust fund established by the Group (profits from this charitable fund are donated to charitable institutions and the funds cannot be withdrawn as of March 31, 2013) and guarantees for loans and other similar instruments.

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SK TELECOM CO., LTD. and Subsidiaries

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For the three-month periods ended March 31, 2013 and 2012

6. Trade and Other Receivables

(1) Details of trade and other receivables as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | Gross amount | March 31, 2013 Allowances for impairment | Carrying amount |
|---------------------------------------|-----------------|---|--------------------|
| Current assets: | | | |
| Accounts receivable - trade | 2,447,974 | (224,545) | 2,223,429 |
| Short-term loans | 95,179 | (1,873) | 93,306 |
| Accounts receivable - other | 766,939 | (69,700) | 697,239 |
| Accrued income | 19,491 | (171) | 19,320 |
| Others | 1,651 | | 1,651 |
| | 3,331,234 | (296,289) | 3,034,945 |
| Non-current assets: | | | |
| Long-term loans | 90,427 | (28,485) | 61,942 |
| Guarantee deposits | 238,697 | | 238,697 |
| Long-term accounts receivable - trade | 13,540 | | 13,540 |
| | 342,664 | (28,485) | 314,179 |
| | 3,673,898 | (324,774) | 3,349,124 |

(In millions of won)

| | Gross amount | December 31, 2012 Allowances for impairment | Carrying amount |
|---------------------------------------|-----------------|--|--------------------|
| Current assets: | | | |
| Accounts receivable - trade | 2,166,293 | (211,373) | 1,954,920 |
| Short-term loans | 86,789 | (1,881) | 84,908 |
| Accounts receivable - other | 639,386 | (57,288) | 582,098 |
| Accrued income | 8,857 | (142) | 8,715 |
| Others | 431 | | 431 |
| | 2,901,756 | (270,684) | 2,631,072 |
| Non-current assets: | | | |
| Long-term loans | 97,636 | (28,337) | 69,299 |
| Guarantee deposits | 236,242 | | 236,242 |
| Long-term accounts receivable - trade | 15,024 | (1,647) | 13,377 |
| | 348,902 | (29,984) | 318,918 |

| | | |
|-----------|-----------|-----------|
| 3,250,658 | (300,668) | 2,949,990 |
|-----------|-----------|-----------|

- (2) The movements in allowances for doubtful accounts of trade and other receivables during the three-month periods ended March 31, 2013 and 2012 were as follows:

| <i>(In millions of won)</i> | For the three-month period ended | |
|---|---|-----------------------|
| | March 31, 2013 | March 31, 2012 |
| Balance at January 1 | 300,668 | 318,820 |
| Increase of bad debt | 22,643 | 26,944 |
| Reversal of allowance for doubtful accounts | (50) | (5,654) |
| Write-off | (5,625) | (4,806) |
| Others (*) | 7,138 | 2,918 |
| Balance at March 31 | 324,774 | 338,222 |

(*) Others include collection of receivables written-off, net exchange difference and changes in consolidation scope.

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SK TELECOM CO., LTD. and Subsidiaries

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For the three-month periods ended March 31, 2013 and 2012

6. Trade and Other Receivables, Continued

- (3) Details of overdue but not impaired, and impaired trade and other receivables as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | | December 31, 2012 | |
|---------------------------------|---------------------|-------------------|---------------------|-------------------|
| | Accounts receivable | Other receivables | Accounts receivable | Other receivables |
| | - | | - | |
| | trade | Other receivables | trade | Other receivables |
| Neither overdue nor impaired | 1,875,257 | 1,041,882 | 1,589,911 | 976,882 |
| Overdue but not impaired | 81,487 | 32,209 | 38,590 | 1,588 |
| Impaired | 504,770 | 138,293 | 552,816 | 90,871 |
| | 2,461,514 | 1,212,384 | 2,181,317 | 1,069,341 |
| Allowance for doubtful accounts | (224,545) | (100,229) | (213,020) | (87,648) |
| | 2,236,969 | 1,112,155 | 1,968,297 | 981,693 |

The Group establishes allowance for doubtful accounts based on the likelihood of recoverability of accounts receivable based on the aging of accounts receivables at the end of the period, past customer default experience and their credit status, and economic and industrial factors.

- (4) The aging of overdue but not impaired accounts receivable as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | | December 31, 2012 | |
|--------------------|---------------------|---------------------|---------------------|---------------------|
| | Accounts receivable | Accounts receivable | Accounts receivable | Accounts receivable |
| | - | - | - | - |
| | trade | other | trade | other |
| Less than 1 month | 17,741 | 11,547 | 4,067 | 171 |
| 1 ~ 3 months | 32,592 | 6,910 | 10,264 | 673 |
| 3 ~ 6 months | 6,118 | 589 | 10,507 | 101 |
| More than 6 months | 25,036 | 13,163 | 13,752 | 643 |
| | 81,487 | 32,209 | 38,590 | 1,588 |

7. Inventories

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Details of inventories as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | | | December 31, 2012 | | |
|----------------------------|---------------------|--------------------------------|--------------------|---------------------|--------------------------------|--------------------|
| | Acquisition cost | Write- down of inventory | Carrying amount | Acquisition cost | Write- down of inventory | Carrying amount |
| Merchandise | 200,477 | (1,926) | 198,551 | 230,640 | (1,784) | 228,856 |
| Finished goods | 3,611 | (1,013) | 2,598 | 3,525 | (962) | 2,563 |
| Work in process | 34 | | 34 | 309 | | 309 |
| Raw materials and supplies | 4,006 | (74) | 3,932 | 10,487 | (69) | 10,418 |
| | 208,128 | (3,013) | 205,115 | 244,961 | (2,815) | 242,146 |

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

8. Investment Securities

(1) Details of short-term investment securities as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | December 31, 2012 |
|--|----------------|-------------------|
| Beneficiary certificates (*) | 184,097 | 56,160 |
| Current portion of long-term investment securities | 4,357 | 3,967 |
| | 188,454 | 60,127 |

(*) The distributions arising from beneficiary certificates as of March 31, 2013 were accounted for as accrued income.

(2) Details of long-term investment securities as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | December 31, 2012 |
|---|----------------|-------------------|
| Equity securities: | | |
| Marketable equity securities | 560,963 | 584,035 |
| Unlisted equity securities | 91,735 | 99,643 |
| Equity investments | 266,244 | 223,370 |
| | 918,942 | 907,048 |
| Debt securities: | | |
| Public bonds(*1) | 368 | 377 |
| Investment bonds(*2) | 75,747 | 50,254 |
| | 76,115 | 50,631 |
| Total | 995,057 | 957,679 |
| Less current portion of long-term investment securities | (4,357) | (3,967) |
| Long-term investment securities | 990,700 | 953,712 |

(*1) Details of maturity for the public bonds as of March 31, 2013 and December 31, 2012 are as follows:

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(In millions of won)

| | March 31, 2013 | December 31, 2012 |
|------------------|----------------|-------------------|
| Less than 1 year | | 8 |
| 1 ~ 5 years | 368 | 369 |
| | 368 | 377 |

(*2) The Group classified convertible bonds of NanoEnTek, Inc. (carrying amount as of March 31, 2013: 16,294 million) as financial assets at fair value through profit or loss. The difference between acquisition cost and fair value is accounted for as finance income(loss).

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

9. Assets and Liabilities Classified as Held for Sale**(1) Subsidiary**

For the year ended December 31, 2012, the Group classified assets and liabilities of a subsidiary, SKY Property Mgmt. Ltd., as held for sale as a result of the Board of Directors' decision on December 21, 2012 to dispose of the Group's ownership interests of 27% in the subsidiary in order to utilize the proceeds for new business opportunities.

Non-current assets and liabilities held for sale as of December 31, 2012 are as follows:

(In millions of won)

| | December 31, 2012 |
|-------------------------------|--------------------------|
| Asset group held-for sale | 773,413 |
| Current assets(*1) | 69,094 |
| Non-current assets | 704,319 |
| Long-term prepaid expense | 486,439 |
| Investment property | 186,682 |
| Property and equipment | 1,566 |
| Other non-current assets | 29,632 |
| Liability group held-for-sale | 294,305 |
| Current liabilities | 51,069 |
| Non-current liabilities | 243,236 |

(*1) Cash and cash equivalents of 51,831 million which are included in current assets are recognized as cash outflows from investing activities in the statement of cashflows as the cash equivalents are expected to be recovered through the disposal of assets and liabilities held for sale.

As of December 31, 2012, the assets and liabilities classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

On January 11, 2013, the Group sold the Group's ownership interests of 27% accounted for as a non-current assets held for sale to SK Innovation Co., Ltd., a related party, and recognized a gain on disposal of a subsidiary of 140,689 million in profit or loss.

(2) Investments in associates

The Group entered into agreement to dispose of its ownership interests in SK Fans Co., Ltd., an associate, during the year ended December 31, 2012 and investment in the associate was reclassified to non-current assets held for sale after an impairment loss of 7,656 million was recognized.

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

10. Business combination**(1) General information**

The Parent Company acquired the ownership interest of 50% of SK Marketing & Company Co., Ltd., advertising and e-commerce agency, from SK Innovation Co., Ltd., a related party under common control, through additional purchase of shares and obtained the control over SK Marketing & Company Co., Ltd., and its subsidiary, M&Service Co., Ltd.

Prior to the acquisition, the Parent Company owns 50% ownership of SK Marketing & Company Co., Ltd. After obtaining the control over SK Marketing & Company Co., Ltd, the Parent Company acquired the shares of SK Planet Co., Ltd. by investing its ownership interest of 100% of SK Marketing & Company Co., Ltd. as a form of investment in kind. On February 1, 2013, SK Planet Co., Ltd. merged SK Marketing & Company Co., Ltd.

As the business combination occurred during the three-month period ended March 31, 2013 was a business combination between entities under common control, the difference between the transferred price and book value of net assets was recognized as capital deficit and other capital adjustments.

(2) Consideration paid and identifiable assets and liabilities transferred*(In millions of won)*

| | Amount |
|--|---------------|
| Consideration paid | |
| Cash and cash equivalents | 190,605 |
| Investments in associates (carrying value) | 141,534 |
| | 332,139 |
| Identifiable assets and liabilities transferred | |
| Cash and cash equivalents | 95,800 |
| Trade receivables | 132,514 |
| Inventories | 3,472 |
| Tangible and intangible assets | 68,699 |
| Other assets | 457,431 |
| Trade payables | (150,014) |
| Other liabilities | (337,617) |
| | 270,285 |
| Amount recorded in capital deficit and other capital adjustments | 61,854 |

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

11. Investments in Associates and Joint Ventures

- (1) Investments in associates and joint ventures accounted for using the equity method as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | Country | March 31, 2013 | | December 31, 2012 | |
|---|---------------|----------------------|-----------------|----------------------|-----------------|
| | | Ownership percentage | Carrying amount | Ownership percentage | Carrying amount |
| Investments in associates | | | | | |
| SK Marketing & Company Co., Ltd.(*1) | Korea | | | 50.0 | 145,333 |
| SK China Company Ltd.(*2) | China | 9.6 | 38,732 | 9.6 | 37,628 |
| SK USA, Inc. | USA | 49.0 | 4,819 | 49.0 | 4,580 |
| F&U Credit information Co., Ltd. | Korea | 50.0 | 3,552 | 50.0 | 4,011 |
| Korea IT Fund(*3) | Korea | 63.3 | 229,977 | 63.3 | 230,016 |
| JYP Entertainment Corporation | Korea | 25.5 | 5,877 | 25.5 | 4,232 |
| Konan Technology | Korea | 29.5 | 4,479 | 29.5 | 4,835 |
| Etoos Co., Ltd. (*2) | Korea | 15.6 | 11,599 | 15.6 | 12,037 |
| Wave City Development Co., Ltd. (*2) | Korea | 19.1 | | 19.1 | |
| HanaSK Card Co., Ltd. | Korea | 49.0 | 377,289 | 49.0 | 378,457 |
| Daehan Kanggun BcN Co., Ltd. | Korea | 29.0 | 7,982 | 29.0 | 7,982 |
| Candle Media Co., Ltd. | Korea | 40.9 | 20,943 | 40.9 | 21,935 |
| NanoEnTek, Inc. (*2) | Korea | 9.3 | 9,199 | 9.3 | 9,276 |
| UNISK(Beijing) Information Technology Co., Ltd. | China | 49.0 | 7,038 | 49.0 | 6,589 |
| SK Industrial Development China Co., Ltd. | Hong kong | 35.0 | 80,580 | 35.0 | 77,967 |
| PT. Melon Indonesia | Indonesia | 49.0 | 4,483 | 49.0 | 4,447 |
| Packet One Network | Malaysia | 27.0 | 98,550 | 28.2 | 88,389 |
| Mobile Money Venture, LLC | USA | 50.0 | 848 | 50.0 | 826 |
| SK Technology Innovation Company | Cayman | 49.0 | 64,398 | 49.0 | 63,559 |
| LightSquared Inc. (*2) | USA | 3.3 | | 3.3 | |
| ViKi, Inc. | USA | 24.8 | 14,515 | 26.3 | 15,667 |
| HappyNarae Co., Ltd. | Korea | 42.5 | 12,927 | 42.5 | 13,113 |
| SK Hynix Inc. | Korea | 21.1 | 3,387,837 | 21.1 | 3,328,245 |
| SK MENA Investment B.V. | Netherlands | 32.1 | 14,180 | 32.1 | 13,666 |
| SK Latin America Investment | Spain | 32.1 | 14,196 | 32.1 | 13,685 |
| Gemini | Singapore | 20.0 | 4,951 | 20.0 | 7,139 |
| SKY Property Mgmt. Ltd.(*4) | Virgin Island | 33.0 | 240,468 | | |
| TR Entertainment and others | | | 119,700 | | 121,101 |
| Sub-total | | | 4,779,119 | | 4,614,715 |
| Investments in joint ventures | | | | | |
| Dogus Planet, Inc. | Turkey | 50.0 | 26,845 | 50.0 | 6,005 |
| Television Media Korea Ltd. | Korea | 51.0 | 11,274 | 51.0 | 11,757 |
| Sub-total | | | 38,119 | | 17,762 |

| | | |
|-------|-----------|-----------|
| Total | 4,817,238 | 4,632,477 |
|-------|-----------|-----------|

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

11. Investments in Associates and Joint Ventures, Continued

- (*1) SK Marketing & Company Co., Ltd. was merged into SK Planet Co., Ltd., a subsidiary of the Parent Company during the three-month period ended March 31, 2013 (note 10).
- (*2) The Group classified the investments in SK China Company Ltd., Etoos Co., Ltd., Wave City Development Co., Ltd., NanoEnTek, Inc. and LightSquared Inc. as investments in associates as the Group can exercise significant influence on these investees through participation of their board of directors even though the Group has less than 20% of equity interests in those investees.
- (*3) Investment in Korea IT Fund was classified as investment in associates as the Group has less than 50% of voting rights, and therefore does not have control over Korea IT Fund under the agreement.
- (*4) The Group reclassified investment in SKY Property Mgmt. Ltd. as investments in associates from subsidiaries due to partial disposal of its shares.

- (2) There is no joint venture listed publicly and the market price of investments in associates listed publicly as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won, except for share and per share data)

| | March 31, 2013 | | | December 31, 2012 | | |
|------------------------|------------------------------|---------------------|-----------------|------------------------------|---------------------|-----------------|
| | Market value per share | Number of shares | Market price | Market value per share | Number of shares | Market price |
| Candle Media Co., Ltd. | 897 | 21,620,360 | 19,393 | 858 | 21,620,360 | 18,550 |
| NanoEnTek, Inc. | 4,700 | 1,807,130 | 8,494 | 3,915 | 1,807,130 | 7,075 |
| SK hynix Inc. | 28,750 | 146,100,000 | 4,200,375 | 25,750 | 146,100,000 | 3,762,075 |

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SK TELECOM CO., LTD. and Subsidiaries

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For the three-month periods ended March 31, 2013 and 2012

11. Investments in Associates and Joint Ventures, Continued

- (3) The condensed financial information of the major investees as of and for the three-month period ended March 31, 2013 and as of and for the year ended December 31, 2012 are as follows:

(In millions of won)

As of and for the three-month period ended March 31, 2013

| | HanaSK | SKY | | Packet | |
|--|------------|-----------|------------|----------|----------|
| | SK Hynix | Card Co., | Property | Korea IT | |
| | Inc. | Ltd. | Mgmt. Ltd. | Fund | |
| | | | | One | |
| | | | | Network | |
| Current assets | 5,700,143 | 6,647,262 | 83,990 | 179,649 | 56,418 |
| Non-current assets | 13,358,072 | 337,410 | 726,708 | 183,628 | 252,605 |
| Current liabilities | 4,455,681 | 91,052 | 60,020 | | 124,488 |
| Non-current liabilities | 4,558,987 | 6,210,601 | 253,008 | | 89,567 |
| Revenue | 2,777,049 | 219,942 | 17,642 | 763 | 28,319 |
| Profit (loss) from continuing operations | 178,713 | 563 | 3,736 | (62) | (12,746) |
| Other comprehensive income (loss) | 125,854 | (1,652) | | | 2,414 |
| Total comprehensive income (loss) | 304,567 | (1,089) | 3,736 | (62) | (10,332) |

(In millions of won)

As of and for the year ended December 31, 2012

| | HanaSK | | | Packet One |
|--|------------|-----------|----------|------------|
| | SK Hynix | Card Co., | Korea IT | Packet One |
| | Inc. | Ltd. | Fund | Network |
| Current assets | 5,313,573 | 7,888,008 | 195,164 | 46,872 |
| Non-current assets | 13,335,120 | 296,007 | 168,182 | 210,027 |
| Current liabilities | 4,441,180 | 259,659 | 6 | 143,936 |
| Non-current liabilities | 4,468,071 | 7,240,140 | | 80,896 |
| Revenue | 10,162,210 | 1,012,772 | 19,444 | 110,152 |
| Profit (loss) from continuing operations | (158,795) | (29,571) | 5,820 | (42,830) |
| Other comprehensive income (loss) | (305,601) | (2,653) | | 2,259 |
| Total comprehensive income (loss) | (464,396) | (32,224) | 5,820 | (40,571) |

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SK TELECOM CO., LTD. and Subsidiaries

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For the three-month periods ended March 31, 2013 and 2012

11. Investments in Associates and Joint Ventures, Continued

- (4) The condensed financial information of joint ventures as of and for the three-month period ended March 31, 2013 and as of and for the year ended December 31, 2012 are as follows:

| <i>(In millions of won)</i> | As of and for three-month period ended March 31, 2013 | |
|--|--|--------------------|
| | Television Media Korea Ltd. | Dogus Planet, Inc. |
| Current assets | 22,704 | 47,266 |
| Cash and cash equivalents | 10,292 | 44,531 |
| Non-current assets | 5,475 | 7,900 |
| Current liabilities | 6,336 | 1,368 |
| Account payable, other payables and provisions | 5,936 | 1,025 |
| Non-current liabilities | 207 | 107 |
| Account payable, other payables and provisions | | 107 |
| Revenue | 3,367 | 7 |
| Depreciation and amortization | (906) | (397) |
| Interest income | 47 | 413 |
| Interest expense | | (9) |
| Loss from continuing operations | (919) | (2,617) |
| Total comprehensive loss | (919) | (2,617) |

| <i>(In millions of won)</i> | As of and for the year ended December 31, 2012 | |
|--|---|-----------------------|
| | Television Media Korea Ltd. | Dogus Planet, Inc. |
| Current assets | 22,449 | 7,735 |
| Cash and cash equivalents | 10,562 | 6,085 |
| Non-current assets | 6,056 | 7,349 |
| Current liabilities | 5,724 | 2,970 |
| Account payable, other payables and provisions | 5,323 | 2,631 |
| Non-current liabilities | 199 | 104 |
| Account payable, other payables and provisions | | 104 |
| Revenue | 12,115 | |
| Depreciation and amortization | (2,886) | (864) |
| Interest income | 758 | 539 |
| Loss from continuing operations | (6,873) | (4,494) |
| Total comprehensive loss | (6,873) | (4,494) |

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For the three-month periods ended March 31, 2013 and 2012

11. Investments in Associates and Joint Ventures, Continued

- (5) Details of changes in investments in associates and joint ventures accounted for using the equity method for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)

| | For the three-month period ended March 31, 2013 | | | | | Ending balance |
|---|---|--------------------------|---------------------------|----------------------------|---------------------------|----------------|
| | Beginning balance | Acquisition and Disposal | Share of profits (losses) | Other comprehensive income | Other increase (decrease) | |
| Investments in associates | | | | | | |
| SK Marketing & Company Co., Ltd.(*1) | 145,333 | 190,606 | (3,955) | 155 | (332,139) | |
| SK China Company Ltd. | 37,628 | | (8,354) | 9,458 | | 38,732 |
| SK USA, Inc. | 4,580 | | 63 | 176 | | 4,819 |
| F&U Credit information Co., Ltd. | 4,011 | | (75) | (384) | | 3,552 |
| Korea IT Fund | 230,016 | | (39) | | | 229,977 |
| JYP Entertainment Corporation | 4,232 | | 1,245 | 400 | | 5,877 |
| Konan Technology | 4,835 | | (356) | | | 4,479 |
| Etoos Co., Ltd. | 12,037 | | (438) | | | 11,599 |
| Wave City Development Co., Ltd. | | | | | | |
| HanaSK Card Co., Ltd. | 378,457 | | (316) | (852) | | 377,289 |
| Daehan Kanggun BcN Co., Ltd. | 7,982 | | | | | 7,982 |
| Candle Media Co., Ltd. | 21,935 | | (1,058) | (22) | 88 | 20,943 |
| NanoEnTek, Inc. | 9,276 | | (83) | 6 | | 9,199 |
| UNISK(Beijing) Information Technology Co., Ltd. | 6,589 | | 174 | 275 | | 7,038 |
| PT. Melon Indonesia | 4,447 | | 143 | (107) | | 4,483 |
| Packet One Network | 88,389 | | 9,258 | 903 | | 98,550 |
| Mobile Money Venture, LLC | 826 | | (12) | 31 | 3 | 848 |
| SK Technology Innovation Company | 63,559 | | (1,549) | 2,388 | | 64,398 |
| LightSquared Inc. | | | | | | |
| ViKi, Inc. | 15,667 | | (995) | (157) | | 14,515 |
| SK Industrial Development China Co., Ltd. | 77,967 | | (361) | 2,974 | | 80,580 |
| HappyNarae Co., Ltd. | 13,113 | | (186) | | | 12,927 |
| SK Hynix Inc. | 3,328,245 | | 33,103 | 26,489 | | 3,387,837 |
| SK MENA Investment B.V. | 13,666 | | | 514 | | 14,180 |
| SK Latin America Investment Gemini | 13,685 | | 428 | 83 | | 14,196 |
| | 7,139 | | (2,322) | 134 | | 4,951 |
| SKY Property Mgmt. Ltd.(*2) | | | 829 | 6,936 | 232,703 | 240,468 |
| TR Entertainment and others | 121,101 | (550) | (2,781) | 937 | 993 | 119,700 |
| Sub-total | 4,614,715 | 190,056 | 22,363 | 50,337 | (98,352) | 4,779,119 |
| Investments in joint ventures | | | | | | |
| Television Media Korea Ltd. | 6,005 | 21,428 | (1,309) | 721 | | 26,845 |
| Dogus Planet, Inc. | 11,757 | | (483) | | | 11,274 |
| Sub-total | 17,762 | 21,428 | (1,792) | 721 | | 38,119 |

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| | | | | | | |
|-------|-----------|---------|--------|--------|----------|-----------|
| Total | 4,632,477 | 211,484 | 20,571 | 51,058 | (98,352) | 4,817,238 |
|-------|-----------|---------|--------|--------|----------|-----------|

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SK TELECOM CO., LTD. and Subsidiaries

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For the three-month periods ended March 31, 2013 and 2012

11. Investments in Associates and Joint Ventures, Continued

(*1) The entity was merged into SK Planet Co., Ltd., a subsidiary of the Parent Company during the three-month period ended March 31, 2013 (note 10).

(*2) The Group reclassified the investments in SKY Property Mgmt. Ltd. as investments in associates during the three-month period ended March 31, 2013.

(In millions of won)

| | For the three-month period ended March 31, 2012 | | | | | | Ending balance |
|---|---|--------------------------|---------------------------|----------------------------|-----------------|---------------------------|------------------|
| | Beginning balance | Acquisition and Disposal | Share of profits (losses) | Other comprehensive income | Impairment loss | Other increase (decrease) | |
| Investments in associates | | | | | | | |
| SK Marketing & Company Co., Ltd. | 128,320 | | 3,149 | (246) | | | 131,223 |
| SK China Company Ltd. | 48,488 | | (614) | (65) | | | 47,809 |
| SK USA, Inc. | 4,534 | | (988) | 1,024 | | | 4,570 |
| F&U Credit information Co., Ltd. | 3,565 | | 583 | | | | 4,148 |
| Korea IT Fund | 230,980 | | (4,787) | 782 | | | 226,975 |
| JYP Entertainment Corporation | 4,008 | | 200 | (58) | | | 4,150 |
| Konan Technology | 4,760 | | (477) | | | | 4,283 |
| Etoos Co., Ltd. | 13,928 | | (1,670) | | | | 12,258 |
| Wave City Development Co., Ltd. | 1,124 | | (1,124) | | | | |
| HanaSK Card Co., Ltd. | 396,553 | | 4,406 | 452 | | | 401,411 |
| Candle Media Co., Ltd. | 11,814 | | 400 | (410) | | | 11,804 |
| NanoEnTek, Inc. | 10,470 | | (788) | 87 | | | 9,769 |
| UNISK(Beijing) Information Technology Co., Ltd. | 5,886 | | 507 | (274) | | | 6,119 |
| PT. Melon Indonesia | 5,326 | | (77) | (126) | | | 5,123 |
| Packet One Network | 103,408 | | (5,248) | 821 | | | 98,981 |
| Mobile Money Venture, LLC | 982 | | (16) | | | (13) | 953 |
| SK Technology Innovation Company | 75,974 | | (1,451) | (1,045) | | | 73,478 |
| LightSquared Inc. | 49,441 | | (10,571) | 1,513 | (40,383) | | |
| SK Hynix Inc. | | 3,374,726 | (34,588) | 4,668 | | | 3,344,806 |
| SK MENA Investment B.V. | | 14,485 | | | | | 14,485 |
| TR Entertainment and others | 269,782 | (348) | 607 | (749) | | (418) | 268,874 |
| Sub-total | 1,369,343 | 3,388,863 | (52,547) | 6,374 | (40,383) | (431) | 4,671,219 |
| Investments in joint ventures | | | | | | | |
| Television Media Korea Ltd. | 15,262 | | (659) | | | | 14,603 |
| Total | 1,384,605 | 3,388,863 | (53,206) | 6,374 | (40,383) | (431) | 4,685,822 |

Table of Contents**11. Investments in Associates and Joint Ventures, Continued**

- (6) As the Group discontinued the application of the equity method due to the carrying amount of the Group's share being reduced to zero, the unrecognized accumulated equity losses as of March 31, 2013 are as follows:

(In millions of won)

| | Unrealized loss | | Unrealized change in equity | |
|---------------------------------------|----------------------------------|-------------|----------------------------------|-------------|
| | Period ended Mar. 31, 2013 | Accumulated | Period ended Mar. 31, 2013 | Accumulated |
| ULand Company Limited | | 1,703 | | |
| Wave City Development Co., Ltd. | (1,315) | 434 | | 127 |
| Cyworld Holdings Hong Kong and others | | 2,937 | | 334 |
| | (1,315) | 5,074 | | 461 |

12. Property and Equipment

- (1) Property and equipment as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | | | Carrying amount | December 31, 2012 |
|--------------------------|------------------|--------------------------|-----------------------------|-----------------|-------------------|
| | Acquisition cost | Accumulated depreciation | Accumulated impairment loss | | Carrying Amount |
| Land | 706,908 | | | 706,908 | 704,908 |
| Buildings | 1,399,535 | (517,513) | | 882,022 | 886,371 |
| Structures | 687,540 | (327,148) | | 360,392 | 363,484 |
| Machinery | 23,245,933 | (16,938,401) | (122,863) | 6,184,669 | 6,316,192 |
| Other | 1,660,801 | (1,004,002) | (760) | 656,039 | 637,212 |
| Construction in progress | 787,959 | | | 787,959 | 804,552 |
| | 28,488,676 | (18,787,064) | (123,623) | 9,577,989 | 9,712,719 |

- (2) Changes in property and equipment for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)

| | For the three-month period ended March 31, 2013 | | | | | | Change of consolidation scope | Ending balance |
|------------|---|-------------|----------|----------|--------------|-------|-------------------------------|----------------|
| | Beginning balance | Acquisition | Disposal | Transfer | Depreciation | | | |
| Land | 704,908 | | (6) | 220 | | 1,786 | 706,908 | |
| Buildings | 886,371 | 13 | (89) | 2,069 | (11,252) | 4,910 | 882,022 | |
| Structures | 363,484 | | (7) | 5,646 | (8,731) | | 360,392 | |

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| | | | | | | | |
|--------------------------|-----------|---------|---------|-----------|-----------|--------|-----------|
| Machinery | 6,316,192 | 33,398 | (5,297) | 312,192 | (479,297) | 7,481 | 6,184,669 |
| Other | 637,212 | 307,831 | (714) | (262,036) | (31,281) | 5,027 | 656,039 |
| Construction in progress | 804,552 | 62,260 | (273) | (83,801) | | 5,221 | 787,959 |
| | 9,712,719 | 403,502 | (6,386) | (25,710) | (530,561) | 24,425 | 9,577,989 |

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

12. Property and Equipment, Continued*(In millions of won)*

For the three-month period ended March 31, 2012

| | Beginning balance | Acquisition | Disposal | Transfer | Depreciation | Impairment | Change of consolidation scope | Ending balance |
|--------------------------|----------------------|-------------|----------|-----------|--------------|------------|-------------------------------------|-------------------|
| Land | 730,361 | 1 | | 229 | | | | 730,591 |
| Buildings | 989,079 | 259 | | 1,793 | (13,268) | | | 977,863 |
| Structures | 301,115 | 8 | (1) | 132 | (8,744) | | | 292,510 |
| Machinery | 5,493,572 | 20,853 | (2,393) | 202,538 | (426,999) | | | 5,287,571 |
| Other | 711,461 | 411,481 | (728) | (346,612) | (30,257) | | (1,554) | 743,791 |
| Construction in progress | 805,410 | 98,375 | | (236,226) | | (3,429) | | 664,130 |
| | 9,030,998 | 530,977 | (3,122) | (378,146) | (479,268) | (3,429) | (1,554) | 8,696,456 |

13. Investment Property

(1) Investment property as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | Acquisition cost | March 31, 2013 Accumulated depreciation | Carrying amount | December 31, 2012 Carrying amount |
|-----------|---------------------|---|--------------------|--|
| Land | 12,417 | | 12,417 | 12,638 |
| Buildings | 18,749 | (5,026) | 13,723 | 14,841 |
| | 31,166 | (5,026) | 26,140 | 27,479 |

(2) Changes in investment property for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)

For the three-month period ended March 31, 2013

| | Beginning balance | Transfer | Depreciation | Ending balance |
|-----------|----------------------|----------|--------------|-------------------|
| Land | 12,638 | (221) | | 12,417 |
| Buildings | 14,841 | (404) | (714) | 13,723 |

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| | | | |
|--------|-------|-------|--------|
| 27,479 | (625) | (714) | 26,140 |
|--------|-------|-------|--------|

(In millions of won)

For the three-month period ended March 31, 2012

| | Beginning balance | Transfer | Depreciation | Ending balance |
|-----------|----------------------|----------|--------------|-------------------|
| Land | 23,153 | 40 | | 23,193 |
| Buildings | 247,933 | (4,199) | (1,842) | 241,892 |
| | 271,086 | (4,159) | (1,842) | 265,085 |

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14. Goodwill

- (1) Goodwill as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | December 31, 2012 |
|--|----------------|----------------------|
| Goodwill related to acquisition of Shinsegi Telecomm, Inc. | 1,306,236 | 1,306,236 |
| Goodwill related to acquisition of SK Broadband Co., Ltd. | 358,443 | 358,443 |
| Other goodwill | 71,482 | 79,804 |
| | 1,736,161 | 1,744,483 |

- (2) Details of changes in goodwill for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)

| | For the three-month period ended | |
|-------------------------------|----------------------------------|----------------|
| | March 31, 2013 | March 31, 2012 |
| Beginning balance | 1,744,483 | 1,749,933 |
| Change of consolidation scope | 1,660 | (9,684) |
| Impairment loss on goodwill | (9,982) | |
| Other decrease | | (45) |
| | 1,736,161 | 1,740,204 |

15. Intangible Assets

- (1) Intangible assets as of March 31, 2013 and December 31, 2012 are as follows:

| <i>(In millions of won)</i> | March 31, 2013 | | | December 31, 2012 | |
|-----------------------------|---------------------|-----------------------------|---------------------------|----------------------|--------------------|
| | Acquisition cost | Accumulated depreciation | Accumulated impairment | Carrying amount | Carrying amount |
| Frequency use rights | 2,837,385 | (1,203,764) | (2,907) | 1,630,714 | 1,693,868 |
| Land use rights | 42,369 | (27,848) | | 14,521 | 16,062 |
| Industrial rights | 85,788 | (25,856) | | 59,932 | 60,104 |
| Development costs | 173,387 | (148,235) | (11,714) | 13,438 | 13,420 |

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| | | | | | |
|-----------------------|-----------|-------------|----------|-----------|-----------|
| Facility usage rights | 142,465 | (79,018) | | 63,447 | 65,340 |
| Customer relations | 53,005 | (14,915) | | 38,090 | 48,886 |
| Memberships(*1) | 127,861 | | (732) | 127,129 | 118,954 |
| Other(*2) | 2,213,327 | (1,500,573) | (6,247) | 706,507 | 673,024 |
| | 5,675,587 | (3,000,209) | (21,600) | 2,653,778 | 2,689,658 |

(*1) Memberships are classified as intangible assets with indefinite useful life and are not amortized.

(*2) Other intangible assets consist of computer software and usage rights to a research facility which the Group built and donated to a university and the Group in turn is given rights-to-use for a definite number of years.

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

15. Intangible Assets, Continued

(2) Details of changes in intangible assets for the three-month periods ended March 31, 2013 and 2012 are as follows:

*(In millions of won)***For the three-month period ended March 31, 2013**

| | Beginning balance | Acquisition | Disposal | Transfer | Amortization | Impairment | Change of consolidation scope | Ending balance |
|-----------------------|------------------------------|--------------------|-----------------|-----------------|---------------------|-------------------|--|---------------------------|
| Frequency use rights | 1,693,868 | | | | (63,154) | | | 1,630,714 |
| Land use rights | 16,062 | 327 | (169) | | (1,699) | | | 14,521 |
| Industrial rights | 60,104 | 833 | | | (936) | | (69) | 59,932 |
| Development costs | 13,420 | 1,196 | | | (1,414) | (635) | 871 | 13,438 |
| Facility usage rights | 65,340 | 182 | (12) | | (2,063) | | | 63,447 |
| Customer relations | 48,886 | 213 | | | (11,009) | | | 38,090 |
| Memberships | 118,954 | 279 | (614) | | | | 8,510 | 127,129 |
| Other | 673,024 | 13,918 | (13) | 62,467 | (70,423) | | 27,534 | 706,507 |
| | 2,689,658 | 16,948 | (808) | 62,467 | (150,698) | (635) | 36,846 | 2,653,778 |

*(In millions of won)***For the three-month period ended March 31, 2012**

| | Beginning balance | Acquisition | Disposal | Transfer | Amortization | Change of consolidation scope | Ending balance |
|-----------------------|------------------------------|--------------------|-----------------|-----------------|---------------------|--|---------------------------|
| Frequency use rights | 1,889,102 | 16,659 | | | (43,542) | | 1,862,219 |
| Land use rights | 19,327 | 613 | (80) | | (1,665) | | 18,195 |
| Industrial rights | 59,473 | 2,946 | | 310 | (1,175) | (48) | 61,506 |
| Development costs | 20,961 | 58 | | | (1,885) | | 19,134 |
| Facility usage rights | 69,491 | 131 | (38) | | (2,028) | | 67,556 |
| Customer relations | 141,819 | 61 | | | (21,299) | | 120,581 |
| Memberships | 117,711 | 2,029 | (106) | | | (784) | 118,850 |
| Other | 677,919 | 18,218 | (1,568) | 53,126 | (73,100) | (1,709) | 672,886 |
| | 2,995,803 | 40,715 | (1,792) | 53,436 | (144,694) | (2,541) | 2,940,927 |

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For the three-month periods ended March 31, 2013 and 2012

15. Intangible Assets, Continued

(3) The carrying amount and residual useful lives of major intangible assets as of March 31, 2013 are as follows:

(In millions of won)

| | Amount | Description | Residual useful lives |
|------------------------|-----------|---|-----------------------------|
| W-CDMA license | 366,023 | Frequency use rights relating to W-CDMA service | (*1) |
| W-CDMA license | 61,166 | Frequency use rights relating to W-CDMA service | (*2) |
| 800MHz license | 334,488 | Frequency use rights relating to CDMA and LTE service | (*3) |
| 1.8GHz license | 854,924 | Frequency use rights relating to LTE service | (*4) |
| WiBro license | 14,113 | WiBro service | (*5) |
| Customer relationships | 28,155 | Customer relationships related to acquisition of SK Broadband Co., Ltd. | 6 months |
| | 1,658,869 | | |

(*1) The Group purchased the W-CDMA license from Korea Communication Commission (KCC) on December 4, 2001. Amortization of the W-CDMA license commenced once the Group began its commercial W-CDMA services on December 29, 2003 under a straight-line basis over the remaining useful life of the license. The W-COMA license will expire in December 2016.

(*2) The Group purchased the additional W-CDMA license from KCC in May 2010. Amortization of the additional W-CDMA license commenced once the Group started its related commercial W-CDMA services on October 7, 2010, under a straight-line basis over the remaining useful life of the W-CDMA license. The additional W-COMA license will expire in December 2016.

(*3) The Group purchased 800MHz license from KCC in June 2011. Amortization of the 800MHz license commenced once the Group started its related commercial CDMA and LTE services on July 1, 2011, under a straight-line basis over the remaining useful life of the 800MHz license. The 800MHz license will expire in June 2021.

(*4) The Group purchased 1.8GHz license from KCC in December 2011. Amortization of the 1.8GHz license will commence when the Group starts its related commercial LTE services in the second half of year 2012, under a straight-line basis over the remaining useful life of the 1.8GHz license. The 1.8GHz license will expire in December 2021.

(*5) The Group additionally purchased Wibro license in March 2012. Amortization of this WiBro license commenced when the Group started its commercial WiBro services on March 30, 2012, under a straight line basis over the remaining useful life. This Wibro license will expire in March 2019.

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Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

16. Borrowings and Debentures

(1) Short-term borrowings as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | Lender | Annual interest rate (%) | March 31, 2013 | December 31, 2012 |
|-----------------------|----------------------------------|--------------------------------|-------------------|----------------------|
| Commercial Paper | Meritz Securities Co., Ltd., etc | 2.97 | 120,000 | 130,000 |
| Short-term borrowings | Kookmin Bank, etc. | 3.98 | 40,000 | 470,245 |
| | | | 160,000 | 600,245 |

(2) Long-term borrowings as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won and thousands of U.S. dollars)

| Lender | Annual interest rate (%) | Maturity | March 31, 2013 | December 31, 2012 |
|---|-----------------------------|---------------|-------------------|----------------------|
| Bank of Communications (*) | 6M Libor + 0.29 | Oct. 10, 2013 | 33,363 | 32,133 |
| | | | (USD 30,000) | (USD 30,000) |
| Bank of China (*) | 6M Libor + 0.29 | Oct. 10, 2013 | 22,242 | 21,422 |
| | | | (USD 20,000) | (USD 20,000) |
| DBS Bank (*) | 6M Libor + 0.29 | Oct. 10, 2013 | 27,803 | 26,778 |
| | | | (USD 25,000) | (USD 25,000) |
| SMBC (*) | 6M Libor + 0.29 | Oct. 10, 2013 | 27,803 | 26,778 |
| | | | (USD 25,000) | (USD 25,000) |
| Kookmin Bank and 13 others | 4.48 | Feb. 14, 2015 | | 350,000 |
| Korea Development Bank | 3.56 | Jun. 17, 2013 | 881 | 1,762 |
| Korea Development Bank | 3.56 | Jun. 16, 2014 | 4,118 | 4,942 |
| Shinhan Bank | 3.56 | Jun. 15, 2015 | 7,705 | 8,561 |
| Kookmin Bank | 3.56 | Jun. 15, 2016 | 9,749 | 9,749 |
| Kookmin Bank | 3.56 | Mar. 15, 2017 | 5,996 | 5,996 |
| Sub-total | | | 139,660 | 488,121 |
| Less present value discount on long-term borrowings | | | | (1,667) |

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| | | |
|--|-----------|-----------|
| | 139,660 | 486,454 |
| Less current portion of long-term borrowings | (121,248) | (117,217) |
| Long-term borrowings | 18,412 | 369,237 |

(*) As of March 31, 2013, 6M Libor rate is 0.44%.

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SK TELECOM CO., LTD. and Subsidiaries

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For the three-month periods ended March 31, 2013 and 2012

16. Borrowings and Debentures, Continued

(3) Debentures as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won, thousands of U.S. dollars and thousands of other currencies)

| | | | Annual interest rate | | December 31, 2012 |
|-------------------------------|------------------|----------|-------------------------|----------------|----------------------|
| | Purpose | Maturity | (%) | March 31, 2013 | |
| Unsecured private bonds | Refinancing fund | 2016 | 5.00 | 200,000 | 200,000 |
| Unsecured private bonds | | 2013 | 4.00 | 200,000 | 200,000 |
| Unsecured private bonds | | 2014 | 5.00 | 200,000 | 200,000 |
| Unsecured private bonds | Other fund | 2015 | 5.00 | 200,000 | 200,000 |
| Unsecured private bonds | | 2018 | 5.00 | 200,000 | 200,000 |
| Unsecured private bonds | | 2013 | 6.92 | 250,000 | 250,000 |
| Unsecured private bonds | | 2016 | 5.54 | 40,000 | 40,000 |
| Unsecured private bonds | | 2016 | 5.92 | 230,000 | 230,000 |
| Unsecured private bonds | Operating fund | 2016 | 3.95 | 110,000 | 110,000 |
| Unsecured private bonds | | 2021 | 4.22 | 190,000 | 190,000 |
| Unsecured private bonds | Operating and | 2019 | 3.24 | 170,000 | 170,000 |
| Unsecured private bonds | refinancing fund | 2022 | 3.30 | 140,000 | 140,000 |
| Unsecured private bonds | | 2032 | 3.45 | 90,000 | 90,000 |
| Unsecured private bonds(*1) | Operating fund | 2014 | 4.86 | 20,000 | 20,000 |
| Unsecured private bonds(*1) | | 2015 | 4.62 | 10,000 | 10,000 |
| Unsecured private bonds(*2) | | 2013 | 3.99 | 150,000 | 150,000 |
| Unsecured private bonds(*2) | | 2014 | 4.53 | 290,000 | 290,000 |
| Unsecured private bonds(*2) | | 2014 | 4.40 | 100,000 | 100,000 |
| Unsecured private bonds(*2) | | 2015 | 4.09 | 110,000 | 110,000 |
| Unsecured private bonds(*2) | | 2015 | 4.14 | 110,000 | 110,000 |
| Unsecured private bonds(*2) | | 2017 | 4.28 | 100,000 | 100,000 |
| Unsecured private bonds(*2) | | 2015 | 3.14 | 130,000 | 130,000 |
| Unsecured private bonds(*2) | | 2017 | 3.27 | 120,000 | 120,000 |
| Foreign global bonds | | | | 444,840 | 428,440 |
| | | 2027 | 6.63 | | |
| | | | | (USD 400,000) | (USD 400,000) |
| Exchangeable bonds(*5) | Refinancing fund | | | 443,765 | 405,678 |
| | | 2014 | 1.75 | | |
| | | | | (USD 332,528) | (USD 332,528) |
| Floating rate notes(*3) | Operating fund | | 3M Libor + | 278,025 | 267,775 |
| | | 2014 | | | |
| | | | 1.60 | (USD 250,000) | (USD 250,000) |
| Floating rate notes(*4) | | | SOR rate + | 58,258 | 56,906 |
| | | 2014 | | | |
| | | | 1.20 | (SGD 65,000) | (SGD 65,000) |
| Swiss unsecured private bonds | | 2017 | 1.75 | 351,300 | 351,930 |
| | | | | | (CHF 300,000) |

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| | | | | |
|-----------------------------------|------|------------|---------------|---------------|
| Foreign global bonds | | | (CHF 300,000) | |
| | | | 778,470 | 749,770 |
| | 2018 | 2.13 | | |
| Australia unsecured private bonds | | | (USD 700,000) | (USD 700,000) |
| | 2017 | 4.75 | 347,427 | |
| Floating rate notes(*3) | | | (AUD 300,000) | |
| | 2020 | 3M Libor + | 333,630 | |
| | | 0.88 | (USD 300,000) | |
| Sub-total | | | 6,395,715 | 5,620,499 |
| Less discounts on bonds | | | (45,480) | (43,500) |
| | | | 6,350,235 | 5,576,999 |
| Less current portion of bonds | | | (618,372) | (597,779) |
| | | | 5,731,863 | 4,979,220 |

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

16. Borrowings and Debentures, Continued

(*1) Unsecured private bonds were issued by SK Telink Co., Ltd., a subsidiary of the Parent Company.

(*2) Unsecured private bonds were issued by SK Broadband Co, Ltd., a subsidiary of the Parent Company.

(*3) As of March 31, 2013, 3M Libor rate is 0.28%.

(*4) As of March 31, 2013, SOR rate is 0.20%.

(*5) On April 7, 2009, the Group issued exchangeable bonds with a maturity of five years in the principal amount of USD 332,528,000 for USD 326,397,463 with a coupon rate of 1.75%. As of March 31, 2013, fair value of the exchangeable bonds is USD 399,033,600. The exchange price could be adjusted and the exchange price is 190,006 with the exchange rate of 1,383.40 per USD 1.

The Group may redeem the principal amount after 3 years from the issuance date if the market price exceeds 130% of the exchange price during a predetermined period. The exchange right may be exercised during the period from May 18, 2009 to March 24, 2014 and the number of common shares that can be exchanged as of March 31, 2013 is 2,421,077 shares.

Exchange 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 Group's voting stock. If such 49% ownership limitation is violated due to the exercise of exchange rights, the Group will pay the bond holder a cash settlement which will be determined at the average price of one day after a holder exercises its exchange right or the weighted average price for the following five or twenty business days. Unless either previously redeemed or exchanged, the notes are redeemable at 100% of the principal amount at maturity.

In accordance with a resolution of the general shareholder's meeting on March 22, 2013, the exchange price has changed from 197,760 to 190,006 and the number of common shares that can be exchanged was changed from 2,326,149 shares to 2,421,077 shares due to the payment of periodic dividends. During the three-month period ended March 31, 2013, no exchange was made.

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17. Long-term Payables - other

(1) Long-term payables as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | December 31, 2012 |
|--|----------------|-------------------|
| Payables related to acquisition of W-CDMA licenses | 555,416 | 705,605 |
| Other (*) | 10,183 | 9,903 |
| | 565,599 | 715,508 |

(*) Other includes vested compensation claims of employees who have rendered long-term service, etc.

(2) As of March 31, 2013 and December 31, 2012, long-term payables consist of payables related to acquisition of W-CDMA licenses for 2.1GHz, 800MHZ, 1.8GHz and 2.3GHz frequency and other details are as follows:

(In millions of won)

| | 2.1GHz 2012~2014 | 800MHz 2013~2015 | 1.8GHz 2012~2021 | 2.3GHz 2014~2016 | Total |
|---|---------------------|---------------------|---------------------|---------------------|-----------|
| Period of repayment | | | | | |
| Coupon rate (*1) | 3.58% | 3.51% | 3.00% | 3.00% | |
| Annual effective interest rate (*2) | 5.89% | 5.69% | 5.25% | 5.80% | |
| Nominal value | 52,600 | 208,250 | 746,250 | 8,650 | 1,015,750 |
| Present value discount on long-term payments - other | (3,237) | (11,060) | (66,797) | (641) | (81,735) |
| Present value of long-term payables - other at the time of acquisition | 49,363 | 197,190 | 679,453 | 8,009 | 934,015 |
| Nominal value | 35,066 | 208,250 | 671,625 | 8,650 | 923,591 |
| Present value discount on long-term payables - other | (3,076) | (10,178) | (64,230) | (641) | (78,125) |
| Current portion of long-term payables - other | (17,533) | (69,417) | (74,625) | | (161,575) |
| Accumulated amortization of present value discount at December 31, 2012 | 2,693 | 5,955 | 12,911 | 155 | 21,714 |
| Carrying amount as of December 31, 2012 | 17,150 | 134,610 | 545,681 | 8,164 | 705,605 |
| Amortization of present value discount | 173 | 966 | 2,884 | 52 | 4,075 |
| Current portion of amortization of present value discount | (161) | (882) | (2,567) | | (3,610) |
| Less current portion of long-term payables - other | (17,162) | (66,711) | (64,156) | (2,625) | (150,654) |
| Carrying amount at March 31, 2013 | | 67,983 | 481,842 | 5,591 | 555,416 |

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SK TELECOM CO., LTD. and Subsidiaries

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For the three-month periods ended March 31, 2013 and 2012

17. Long-term Payables - other, Continued

(*1) The Group applied an annual interest rate equal to the previous year average lending rate of public funds financing account less 1%.

(*2) The Group estimated the discount rate based on its credit ratings and corporate bond yield rate as there is no market interest rate available for long-term payables-other.

(2) The repayment schedule of long-term payables - other as of March 31, 2013 is as follows:

(In millions of won)

| | Amount |
|---------------------|----------------|
| 2014 | 164,458 |
| 2015 | 146,925 |
| 2016 | 77,508 |
| 2017 and thereafter | 373,125 |
| | 762,016 |

18. Provisions

Change in provisions for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)

| | For the three-month period ended March 31, 2013 | | | | | As of March 31, 2013 | |
|-------------------------------|--|-----------------|-----------------------------|---------------|---------------------------|-----------------------------|--------------------|
| | Beginning balance | Increase | Utilization (*) | Others | Ending balance | Current | Non-current |
| Provision for handset subsidy | 353,383 | 1,485 | (111,815) | | 243,053 | 199,990 | 43,063 |
| Provision for restoration | 39,895 | 467 | (107) | 1,224 | 41,479 | 8,364 | 33,115 |
| Other provisions | 590 | | (36) | 8 | 562 | 73 | 489 |
| | 393,868 | 1,952 | (111,958) | 1,232 | 285,094 | 208,427 | 76,667 |

(*) Utilization includes reversal of other provisions of 1 million.

(In millions of won)

| | For the three-month period ended March 31, 2012 | | | | | As of March 31, 2012 | |
|--|--|-----------------|--------------------|---------------|---------------------------|-----------------------------|--------------------|
| | Beginning balance | Increase | Utilization | Others | Ending balance | Current | Non-current |

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| | | | | | | | |
|-------------------------------|---------|---------|-----------|-------|---------|---------|---------|
| Provision for handset subsidy | 762,238 | 169,931 | (195,806) | | 736,363 | 627,946 | 108,417 |
| Provision for restoration | 36,379 | 684 | (288) | 2,003 | 38,778 | 4,738 | 34,040 |
| Other provisions | 942 | 40 | (44) | (92) | 846 | 52 | 794 |
| | 799,559 | 170,655 | (196,138) | 1,911 | 775,987 | 632,736 | 143,251 |

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For the three-month periods ended March 31, 2013 and 2012

18. Provisions, Continued

The Group has provided handset subsidy for the subscribers who purchase handsets on an installment basis and recognized provision for handset subsidy in accordance with the payment duration as of period end.

19. Finance Lease Liabilities**(1) Finance Lease**

The Group has leased telecommunication equipment under the finance lease agreement with Cisco Capital Korea and display equipment under the finance lease agreement with Hana Capital. Finance lease liabilities as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | December 31, 2012 |
|--|----------------|-------------------|
| Finance Lease Liabilities | | |
| Current portion of long-term finance lease liabilities | 19,981 | 19,904 |
| Long-term finance lease liabilities | 18,106 | 22,036 |
| | 38,087 | 41,940 |

The Group's related interest and principal as of March 31, 2013, December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | | December 31, 2012 | |
|--|------------------|------------------|-------------------|------------------|
| | Minimum | | Minimum | |
| | lease payment | Present value | lease payment | Present value |
| Less than 1 year | 21,335 | 19,981 | 21,375 | 19,904 |
| 1~5 years | 18,682 | 18,106 | 22,744 | 22,036 |
| Sub-total | 40,017 | 38,087 | 44,119 | 41,940 |
| Current portion of long-term finance lease liabilities | | (19,981) | | (19,904) |
| Long-term finance lease liabilities | | 18,106 | | 22,036 |

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SK TELECOM CO., LTD. and Subsidiaries

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For the three-month periods ended March 31, 2013 and 2012

(2) Operating Lease

The Group entered into operating lease and sublease agreements in relation to rented office space and the expected future lease payments and lease revenues are as follows:

| <i>(In millions of won)</i> | Lease payments | Lease revenues |
|-----------------------------|-----------------------|-----------------------|
| Less than 1 year | 30,650 | 1,050 |
| 1~5 years | 79,375 | 1,074 |
| More than 5 years | 79,673 | 1,282 |
| | 189,698 | 3,406 |

(3) Sales and Leaseback

For the year ended December 31, 2012, the Group disposed a portion of its property and equipment and investment property, and entered into lease agreements with respect to those assets. This sale and leaseback transaction is considered as an operating lease and expected future lease payments and lease revenues are explained in Note 19-(2).

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For the three-month periods ended March 31, 2013 and 2012

20. Defined Benefit Liabilities

(1) Details of defined benefit liabilities as of March 31, 2013 and December 31, 2012 are as follows:

| <i>(In millions of won)</i> | March 31, 2013 | December 31, 2012 |
|--|-----------------------|--------------------------|
| Present value of defined benefit obligations | 271,034 | 244,867 |
| Fair value of plan assets | (168,692) | (158,345) |
| | 102,342 | 86,522 |

(2) Principal actuarial assumptions as of March 31, 2013 and December 31, 2012 are as follows:

| | March 31, 2013 | December 31, 2012 |
|---|-----------------------|--------------------------|
| Discount rate for defined benefit obligations | 3.28% ~ 4.75% | 3.28% ~ 4.75% |
| Expected rate of salary increase | 3.00% ~ 5.81% | 3.00% ~ 5.81% |

Discount rate for defined benefit obligation is determined based on the Group's credit ratings and yield rate of corporate bonds with similar maturities for estimated payment term of defined benefit obligation. Expected rate of salary increase is determined based on the Group's historical promotion index, inflation rate and salary increase ratio in accordance with salary agreement.

(3) Changes in defined benefit obligations for the three-month periods ended March 31, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month period ended | |
|----------------------------------|---|-----------------------|
| | March 31, 2013 | March 31, 2012 |
| Beginning balance | 244,866 | 188,120 |
| Current service cost | 21,723 | 19,367 |
| Interest cost | 2,112 | 2,005 |
| Remeasurement | | |
| - Adjustment based on experience | 3,421 | 5,488 |
| Benefit paid | (15,801) | (15,862) |
| Others(*) | 14,713 | (3,451) |
| Ending balance | 271,034 | 195,667 |

(*) Others include liabilities of 14,703 million, transferred due to business combination and transfer to construction in progress during the three-month period ended March 31, 2013 and effects of changes in consolidation scope of (4,185) million in relation to the disposal of

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Ntreev Soft Co., Ltd. during the three-month period ended March 31, 2012.

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For the three-month periods ended March 31, 2013 and 2012

20. Defined Benefit Liabilities, Continued

(4) Changes in plan assets for the three-month periods ended March 31, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month period ended | |
|---|---|-----------------------|
| | March 31, 2013 | March 31, 2012 |
| Beginning balance | 158,345 | 102,179 |
| Expected return on plan assets | 1,431 | 949 |
| Remeasurement factor of plan assets | 785 | 243 |
| Contributions by employer directly to plan assets | 45 | 1,388 |
| Benefit paid | (5,077) | (2,229) |
| Others | 13,163 | 3 |
| Ending balance | 168,692 | 102,533 |

(*) Others include assets of 14,334 million transferred due to business combination and effects of changes in consolidation scope of (1,312) million during the three-month period ended March 31, 2013.

(5) Expenses recognized in profit and loss for the three-month periods ended March 31, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month period ended | |
|-----------------------------|---|-----------------------|
| | March 31, 2013 | March 31, 2012 |
| Current service cost | 21,723 | 19,367 |
| Net interest cost | 681 | 1,056 |
| | 22,404 | 20,423 |

The above costs are recognized in labor cost, research and development, or capitalized into construction-in-progress.

(6) Details of plan assets as of March 31, 2013 and December 31, 2012 are as follows:

| <i>(In millions of won)</i> | March 31, 2013 | December 31, 2012 |
|--|-----------------------|--------------------------|
| | Equity instruments | 1,630 |
| Debt instruments | 42,689 | 34,269 |
| Short-term financial instruments, etc. | 124,373 | 122,855 |

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168,692

158,345

Actual return on plan assets for the three-month periods ended March 31, 2013 and 2012 amounted to 2,216 million and 1,191 million, respectively.

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21. Derivative Instruments

(1) Currency swap contracts under cash flow hedge accounting

The Group has entered into a floating-to-fixed cross currency interest rate swap contract with Credit Agricole Corporate & Investment Bank to hedge the foreign currency risk and the interest rate risk of U.S. dollar denominated long-term borrowings with face amounts totaling USD 100,000,000 borrowed on October 10, 2006. As of March 31, 2013, in connection with unsettled cross currency interest rate swap contract to which cash flow hedge accounting is applied since May 12, 2010, an accumulated loss on valuation of derivatives amounting to 2,802 million (net of tax effect totaling 394 million and foreign currency translation loss arising from U.S. dollar denominated long-term borrowings totaling 16,410 million) is accounted for as accumulated other comprehensive loss.

In addition, the Group has entered into a fixed-to-fixed cross currency swap contract with Morgan Stanley and five other banks to hedge the foreign currency risk of unguaranteed U.S. dollar denominated bonds with face amounts totaling USD 400,000,000 at annual fixed interest rate of 6.63% issued on July 20, 2007. As of March 31, 2013, in connection with unsettled cross currency swap contract to which cash flow hedge accounting is applied since May 12 2010, an accumulated loss on valuation of derivatives amounting to 37,356 million (net of tax effect totaling 11,926 million and foreign currency translation gain arising from unguaranteed U.S. dollar denominated bonds totaling 12,483 million) is accounted for as accumulated other comprehensive loss. In connection with the cross currency swap contract, gain on valuation of currency swap which was incurred before application of hedge accounting, amounting to 129,806 million was recognized in profit or loss.

In addition, the Group has entered into a floating-to-fixed cross currency interest rate swap contract with DBS Bank and Citi Bank to hedge the foreign currency risk and the interest rate risk of its U.S. dollar denominated bonds with face amounts totaling USD 250,000,000 issued on December 15, 2011. As of March 31, 2013, in connection with unsettled cross currency interest rate swap contract, an accumulated gain on valuation of derivatives amounting to 5,767 million (net of tax effect totaling 1,841 million and foreign currency translation gain arising from unguaranteed U.S. dollar denominated bonds totaling 11,490 million) is accounted for as accumulated other comprehensive income.

In addition, the Group has entered into a floating-to-fixed cross currency interest rate swap contract with United Overseas Bank to hedge the foreign currency risk and the interest rate risk of its Singapore dollar denominated bonds with face amounts totaling SGD 65,000,000 issued on December 15, 2011. As of March 31, 2013, in connection with unsettled cross currency interest rate swap contract an accumulated loss on valuation of derivatives amounting to 173 million (net of tax effect totaling 55 million and foreign currency translation loss arising from unguaranteed Singapore dollar denominated bonds totaling 791 million) is accounted for as accumulated other comprehensive loss.

In addition, the Group has entered into a fixed-to-fixed cross currency swap contract with Citi Bank and five other banks to hedge the foreign currency risk of its Swiss Franc denominated bonds with face amounts totaling CHF 300,000,000 issued on June 12, 2012. As of March 31, 2013, in connection with the unsettled cross currency swap contract, an accumulated loss on valuation of derivatives amounting to 8,912 million (net of tax effect totaling 2,845 million and foreign currency translation gain arising from unguaranteed Swiss Franc denominated bonds totaling 12,176 million) is accounted for as accumulated other comprehensive loss.

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Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

21. Derivative Instruments, Continued

(1) Currency swap contracts under cash flow hedge accounting, Continued

In addition, the Group has entered into a fixed-to-fixed cross currency swap contract with Barclays and nine other banks to hedge the foreign currency risk of unguaranteed U.S. dollar denominated bonds with face amounts totaling USD 700,000,000 issued on November 1, 2012. As of December 31, 2013, in connection with the unsettled cross currency swap contract, an accumulated loss on valuation of derivatives amounting to 12,029 million (net of tax effect totaling 3,840 million and foreign currency translation loss arising from unguaranteed U.S. dollar denominated bonds totaling 14,883 million) is accounted for as accumulated other comprehensive loss.

In addition, the Group has entered into a fixed-to-fixed cross currency swap contract with BNP Paribas and three other banks to hedge the foreign currency risk of unguaranteed Australia dollar denominated bonds with face amounts totaling AUD 300,000,000 issued on January 17, 2013. As of March 31, 2013, in connection with the unsettled cross currency swap contract, an accumulated gain on valuation of derivatives amounting to 307 million (net of tax effect totaling 98 million and foreign currency translation loss arising from unguaranteed Australia dollar denominated bonds totaling 11,703 million) is accounted for as accumulated other comprehensive income.

In addition, the Group has entered into a floating-to-fixed cross currency interest rate swap contract with DBS Bank to hedge the foreign currency risk and the interest rate risk of its US dollar denominated bonds with face amounts totaling USD 300,000,000 issued on March 07, 2013. As of March 31, 2013, in connection with unsettled cross currency interest rate swap contract, an accumulated loss on valuation of derivatives amounting to 4,077 million (net of tax effect totaling 1,302 million and foreign currency translation loss arising from unguaranteed US dollar denominated bonds totaling 8,506 million) is accounted for as accumulated other comprehensive loss.

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21. Derivative Instruments, Continued

- (2) As of March 31, 2013, fair values of above derivatives recorded in assets or liabilities and details of derivative instruments are as follows:

(In millions of won, thousands of U.S. dollars, Singapore dollars, Australian dollars, and Swiss franc)

| | Hedged item | Amount | Duration of Contract | Fair value | | Total |
|---------------------------------------|------------------------------------|-------------|----------------------|-------------------------------|----------------|--------|
| | | | | Designated as Cash Flow Hedge | Not Designated | |
| Current assets: | | | | | | |
| Floating-to-fixed cross currency swap | | | Oct. 10, 2006 ~ | | | |
| | U.S. dollar denominated bonds | USD 100,000 | Oct. 10, 2013 | 13,214 | | 13,214 |
| Convertible option | | | Sep. 01, 2009 ~ | | | |
| | Convertible bonds (*) | KRW 50,000 | Aug. 31, 2014 | | 463 | 463 |
| Non-current assets: | | | | | | |
| Fix-to-fixed cross currency swap | | | Jul. 20, 2007 ~ | | | |
| | U.S. dollar denominated bonds | USD 400,000 | Jul. 20, 2027 | 68,040 | | 68,040 |
| Floating-to-fixed cross currency swap | | | Dec. 15, 2011 ~ | | | |
| | Singapore dollar denominated bonds | SGD 65,000 | Dec. 12, 2014 | 562 | | 562 |
| Fix-to-fixed cross currency swap | | | Jan. 17, 2013 ~ | | | |
| | Australia dollar denominated bonds | AUD 300,000 | Nov. 17, 2017 | 12,107 | | 12,107 |
| Floating-to-fixed cross currency swap | | | Mar. 07, 2013 ~ | | | |
| | U.S. dollar denominated bonds | USD 300,000 | Mar. 07, 2020 | 3,127 | | 3,127 |
| Convertible option | | | Sep. 01, 2009 ~ | | | |
| | Convertible bonds (*) | KRW 50,000 | Aug. 31, 2014 | | 226 | 226 |
| Total assets | | | | 97,050 | 689 | 97,739 |
| Non-current liabilities: | | | | | | |
| Floating-to-fixed interest rate swap | | | Dec. 15, 2011 ~ | | | |
| | U.S. dollar denominated bonds | USD 250,000 | Dec. 12, 2014 | 3,882 | | 3,882 |
| Fix-to-fixed cross currency swap | | | Jun. 12, 2012 ~ | | | |
| | Swiss franc denominated bonds | CHF 300,000 | Jun. 12, 2017 | 23,933 | | 23,933 |
| Fix-to-fixed cross currency swap | U.S. dollar denominated bonds | USD 700,000 | Nov. 01, 2012 ~ | 987 | | 987 |

May. 01, 2018

| | | |
|-------------------|--------|--------|
| Total liabilities | 28,802 | 28,802 |
|-------------------|--------|--------|

(*) Fair value of the conversion option of convertible bonds held by SK Communications Co., Ltd., a subsidiary, amounting to 689 million was accounted for as non-current derivative financial assets.

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22. Share Capital and Capital Surplus (Deficit) and Other Capital Adjustments

The Parent Company's outstanding share capital consists entirely of common stock with a par value of ₩500. The number of authorized, issued and outstanding common shares and capital surplus (deficit) and other capital adjustments as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won, except for share data)

| | March 31, 2013 | December 31, 2012 |
|--|---------------------------|--------------------------|
| Authorized shares | 220,000,000 | 220,000,000 |
| Issued shares(*1) | 80,745,711 | 80,745,711 |
| Share capital | | |
| Common stock | 44,639 | 44,639 |
| Capital surplus (deficit) and other capital adjustments: | | |
| Paid-in surplus | 2,915,887 | 2,915,887 |
| Treasury stock | (2,410,451) | (2,410,451) |
| Loss on disposal of treasury stock | (18,855) | (18,855) |
| Others(*2) | (838,559) | (775,464) |
| | (351,978) | (288,883) |

(*1) During the years ended December 31, 2003, 2006 and 2009, the Parent Company retired 7,002,235 shares, 1,083,000 shares and 448,000 shares, respectively, of treasury stock which reduced its retained earnings before appropriation in accordance with the Korean Commercial Law. As a result, the Parent Company's outstanding shares have decreased without change in the share capital.

(*2) Others primarily consist of net losses on disposals of businesses and the excess of the consideration paid by the Group over the carrying values of net assets acquired from common control transactions with entities within the control of the Ultimate Controlling Entity.

There were no changes in share capital for the three-month period ended March 31, 2013 and the years ended December 31, 2012.

23. Treasury Stock

Through 2009, the Parent Company acquired 8,400,712 shares of treasury stock in the open market for ₩1,992,083 million to provide stock dividends, issue new stocks, merge with Shinsegi Telecom, Inc. and SK IMT Co., Ltd., increase shareholder value, and to stabilize its stock prices when needed.

In addition, the Parent Company acquired 1,250,000 shares of treasury stock for ₩210,356 million from July 26, 2010 to October 20, 2010 and 1,400,000 shares of treasury stock for ₩208,012 million from July 21, 2011 to September 28, 2011, in accordance with the resolution of the Board of Directors on July 22, 2010 and July 19, 2011, respectively.

As a result of these treasury stock transactions, as of March 31, 2013 and December 31, 2012, the Parent Company has 11,050,712 shares of treasury stock at ₩2,410,451 million.

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Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

24. Retained Earnings

(1) Retained earnings as of March 31, 2013 and December 31, 2012 are as follows:

| <i>(In millions of won)</i> | March 31, 2013 | December 31, 2012 |
|---|-----------------------|--------------------------|
| Appropriated: | | |
| Legal reserve | 22,320 | 22,320 |
| Reserve for research & manpower development | 155,766 | 220,000 |
| Reserve for business expansion | 9,376,138 | 9,106,138 |
| Reserve for technology development | 2,271,300 | 1,901,300 |
| | 11,825,524 | 11,249,758 |
| Unappropriated | 64,759 | 874,899 |
| | 11,890,283 | 12,124,657 |

(2) Legal reserve

The Korean Commercial Code requires the Parent Company to appropriate as a legal reserve at least 10% of cash dividends paid for each accounting period until the reserve equals 50% of outstanding share capital. 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 share capital.

(3) Reserve for research & manpower development

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

25. Reserves

(1) Details of reserves as of March 31, 2013 and December 31, 2012 are as follows:

| <i>(In millions of won)</i> | March 31, 2013 | December 31, 2012 |
|--|-----------------------|--------------------------|
| Net change in unrealized fair value of available-for-sale financial assets | 187,822 | 207,063 |
| | (126,204) | (175,044) |

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| | | |
|--|----------|----------|
| Net change in other comprehensive income of investments in associates and joint ventures | | |
| Net change in unrealized fair value of derivatives | (54,102) | (46,652) |
| Foreign currency translations differences for foreign operations | (5,340) | (11,003) |
| | 2,176 | (25,636) |

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For the three-month periods ended March 31, 2013 and 2012

25. Reserves, Continued

(2) Change in reserves for the three-month periods ended March 31, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | Net change in unrealized fair value of available-for- sale financial assets | Net change in other comprehensive income of investment in associates | Net change in unrealized fair value of derivatives | Foreign currency translation differences for foreign operations | Total |
|-----------------------------|--|--|--|---|----------|
| Balance at January 1, 2012 | 354,951 | (93,598) | (25,099) | 23,810 | 260,064 |
| Changes | (17,436) | 6,317 | (20,745) | (7,536) | (39,400) |
| Tax effect | 4,135 | 68 | 4,573 | | 8,776 |
| Balance at March 31, 2012 | 341,650 | (87,213) | (41,271) | 16,274 | 229,440 |
| Balance at January 1, 2013 | 207,063 | (175,044) | (46,652) | (11,003) | (25,636) |
| Changes | (25,409) | 51,057 | (9,829) | 5,663 | 21,482 |
| Tax effect | 6,168 | (2,217) | 2,379 | | 6,330 |
| Balance at March 31, 2013 | 187,822 | (126,204) | (54,102) | (5,340) | 2,176 |

26. Other Operating Expenses

Details of other operating expenses for the three-month periods ended March 31, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month period ended | |
|---|----------------------------------|----------------|
| | March 31, 2013 | March 31, 2012 |
| Other Operating Expenses: | | |
| Communication expenses | 13,760 | 17,327 |
| Utilities | 54,698 | 44,451 |
| Taxes and dues | 7,670 | 31,121 |
| Repair | 64,416 | 60,780 |
| Research and development | 81,597 | 66,544 |
| Training | 6,388 | 6,076 |
| Bad debt for accounts receivables - trade | 12,113 | 7,257 |
| Reversal of allowance for doubtful accounts | (50) | (5,654) |
| Travel | 6,526 | 7,084 |
| Supplies and other | 52,047 | 21,894 |
| | 299,165 | 256,880 |

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SK TELECOM CO., LTD. and Subsidiaries

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For the three-month periods ended March 31, 2013 and 2012

27. Other Non-operating Income and Expenses

(1) Details of other non-operating income and expenses for the three-month periods ended March 31, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month period ended | |
|--|---|-----------------------|
| | March 31, 2013 | March 31, 2012 |
| Other Non-operating Income: | | |
| Fees revenues | 758 | 465 |
| Gain on disposal of property and equipment and intangible assets | 2,009 | 1,010 |
| Others | 11,096 | 8,467 |
| | 13,863 | 9,942 |
| Other Non-operating Expenses: | | |
| Loss on impairment of property and equipment and intangible assets | 10,617 | 3,429 |
| Loss on disposal of property and equipment and intangible assets | 5,379 | 1,994 |
| Donations | 12,162 | 12,907 |
| Bad debt for accounts receivable - other | 10,530 | 19,687 |
| Others | 7,914 | 6,037 |
| | 46,602 | 44,054 |

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SK TELECOM CO., LTD. and Subsidiaries

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For the three-month periods ended March 31, 2013 and 2012

28. Finance Income and Costs

(1) Details of finance income and costs for the three-month periods ended March 31, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month period ended | |
|---|---|-----------------------|
| | March 31, 2013 | March 31, 2012 |
| Finance Income: | | |
| Interest income | 17,571 | 32,396 |
| Dividends | 10,149 | 22,333 |
| Gain on foreign currency transactions | 2,538 | 1,953 |
| Gain on foreign currency translation | 2,939 | 819 |
| Gain on disposal of long-term investment securities | 1,041 | 6,412 |
| Gain on settlement of derivatives | 2,274 | 4,292 |
| Gain on valuation of financial asset at fair value through profit or loss | 938 | |
| | 37,450 | 68,205 |

| <i>(In millions of won)</i> | For the three-month period ended | |
|---|---|-----------------------|
| | March 31, 2013 | March 31, 2012 |
| Finance Costs: | | |
| Interest expense | 89,907 | 97,035 |
| Loss on foreign currency transactions | 3,035 | 1,182 |
| Loss on foreign currency translation | 3,975 | 859 |
| Loss on disposal of long-term investment securities | 190 | 7,505 |
| Loss on valuation of financial asset at fair value through profit or loss | | 640 |
| Loss on valuation of financial liability at fair value through profit or loss | 38,087 | 3,733 |
| Impairment loss of long-term investment securities | 13,569 | |
| | 148,763 | 110,954 |

(2) Details of interest income included in finance income for the three-month periods ended March 31, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month period ended | |
|---|---|-----------------------|
| | March 31, 2013 | March 31, 2012 |
| Interest income on cash equivalents and deposits | 11,394 | 20,789 |
| Interest income on installment receivables and others | 6,177 | 11,607 |
| | 17,571 | 32,396 |

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For the three-month periods ended March 31, 2013 and 2012

28. Finance Income and Costs, Continued

(3) Details of interest expense included in finance costs for the three-month periods ended March 31, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month period ended | |
|--|---|-----------------------|
| | March 31, 2013 | March 31, 2012 |
| Interest expense on bank overdrafts and borrowings | 15,752 | 15,547 |
| Interest expense on debentures | 62,165 | 52,355 |
| Interest on finance lease liabilities | 411 | 811 |
| Others | 11,579 | 28,322 |
| | 89,907 | 97,035 |

(4) Details of impairment losses for financial assets for the three-month periods ended March 31, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month period ended | |
|--|---|-----------------------|
| | March 31, 2013 | March 31, 2012 |
| Available-for-sale financial assets | 13,569 | |
| Bad debt for accounts receivable - trade | 12,113 | 7,257 |
| Bad debt for accounts receivable - other | 10,530 | 19,687 |
| | 36,212 | 26,944 |

29. Income Tax Expense

Income tax expense was recognized as current tax expense adjusted to changes in estimates related to prior periods, deferred tax expenses by origination and reversal of temporary differences, and income tax recognized in other comprehensive income.

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30. Earnings per Share

(1) Basic earnings per share

- 1) Basic earnings per share for the three-month periods ended March 31, 2013 and 2012 are calculated as follows:

| <i>(In millions of won, except for share data)</i> | For the three-month period ended | |
|--|---|-----------------------|
| | March 31, 2013 | March 31, 2012 |
| Profit for the period | 354,154 | 306,424 |
| Weighted average number of common shares outstanding | 69,694,999 | 69,694,999 |
| Basic earnings per share (In won) | 5,081 | 4,397 |

- 2) The weighted average number of common shares outstanding for the three-month periods ended March 31, 2013 and 2012 are calculated as follows:

| <i>(In shares)</i> | Number of shares | Weighted number of days | Weighted number of shares |
|--|-------------------------|--------------------------------|----------------------------------|
| Outstanding common shares at January 1, 2013 | 80,745,711 | 90/90 | 80,745,711 |
| Effect of treasury stock | (11,050,712) | 90/90 | (11,050,712) |
| Number of shares at March 31, 2013 | 69,694,999 | | 69,694,999 |

| <i>(In shares)</i> | Number of shares | Weighted number of days | Weighted number of shares |
|--|-------------------------|--------------------------------|----------------------------------|
| Outstanding common shares at January 1, 2012 | 80,745,711 | 91/91 | 80,745,711 |
| Effect of treasury stock | (11,050,712) | 91/91 | (11,050,712) |
| Number of shares at March 31, 2012 | 69,694,999 | | 69,694,999 |

(2) Diluted earnings per share

- 1) Diluted earnings per share for the three-month periods ended March 31, 2013 and 2012 are calculated as follows:

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(In millions of won, except for share data)

| | For the three-month period ended | |
|--|---|-----------------------|
| | March 31, 2013(*) | March 31, 2012 |
| Diluted profit for the period | 354,154 | 310,486 |
| Diluted weighted average number of common shares outstanding | 69,694,999 | 72,003,405 |
| Diluted earnings per share (In won) | 5,081 | 4,312 |

(*) The number of common shares outstanding in respect of the exchangeable common shares of exchangeable bonds is excluded from the diluted earnings per share calculation for the three-month period ended March 31, 2013 as the effect of exchangeable bond would have been ant-dilutive (diluted shares of 2,421,077); thus, diluted earnings per share for the three-month period ended March 31, 2013 is the same as basic earnings per share.

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For the three-month periods ended March 31, 2013 and 2012

30. Earnings per Share, Continued

- 2) Diluted profit for the three-month periods ended March 31, 2013 and 2012 are calculated as follows:

| <i>(In millions of won)</i> | For the three-month period ended | |
|--------------------------------------|---|-----------------------|
| | March 31, 2013 | March 31, 2012 |
| Profit for the period | 354,154 | 306,424 |
| Effect of exchangeable bonds | | 4,062 |
| Diluted profit for the period | 354,154 | 310,486 |

- 3) Adjusted weighted average number of common shares outstanding for the three-month periods ended March 31, 2013 and 2012 are calculated as follows:

| <i>(In shares)</i> | For the three-month period ended | |
|--|---|-----------------------|
| | March 31, 2013 | March 31, 2012 |
| Weighted average number of common shares outstanding | 69,694,999 | 69,694,999 |
| Effect of exchangeable bonds(*) | | 2,308,406 |
| Adjusted weighted average number of common shares outstanding | 69,694,999 | 72,003,405 |

- (*) Effect of exchangeable bonds represents weighted average number of common shares outstanding in respect of the exchangeable common shares of exchangeable bonds, which could be exchanged to treasury stock.

- (3) Basic loss per share from discontinued operation

| <i>(In millions of won, shares)</i> | For the three-month period ended | |
|---|---|-----------------------|
| | March 31, 2013 | March 31, 2012 |
| Loss from discontinued operation attributable to owners of the Parent Company | | 9,893 |
| Weighted average number of common shares outstanding | 69,694,999 | 69,694,999 |
| Basic loss per share (In won) | | 142 |

Diluted loss per share from discontinued operation is the same as basic loss per share from discontinued operation.

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31. Categories of Financial Instruments

(1) Financial assets by categories as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | Financial assets at fair value through profit or loss | Available-for-sale financial assets | March 31, 2013 | | Total |
|-------------------------------------|---|-------------------------------------|-----------------------|--|-----------|
| | | | Loans and receivables | Derivative financial instruments designated as hedged item | |
| Cash and cash equivalents | | | 1,124,348 | | 1,124,348 |
| Financial instruments | | | 339,285 | | 339,285 |
| Short-term investment securities | | 188,454 | | | 188,454 |
| Long-term investment securities(*1) | 16,294 | 974,406 | | | 990,700 |
| Accounts receivable - trade | | | 2,236,969 | | 2,236,969 |
| Loans and receivables(*2) | | | 1,112,155 | | 1,112,155 |
| Derivative financial assets(*3) | 689 | | | 97,050 | 97,739 |
| | 16,983 | 1,162,860 | 4,812,757 | 97,050 | 6,089,650 |

(In millions of won)

| | Financial assets at fair value through profit or loss | Available-for-sale financial assets | December 31, 2012 | | Total |
|-------------------------------------|---|-------------------------------------|-----------------------|--|-----------|
| | | | Loans and receivables | Derivative financial instruments designated as hedged item | |
| Cash and cash equivalents | | | 920,125 | | 920,125 |
| Financial instruments | | | 514,561 | | 514,561 |
| Short-term investment securities | | 60,127 | | | 60,127 |
| Long-term investment securities(*1) | 15,356 | 938,356 | | | 953,712 |
| Accounts receivable - trade | | | 1,968,297 | | 1,968,297 |
| Loans and receivables(*2) | | | 981,693 | | 981,693 |
| Derivative financial assets(*3) | 689 | | | 61,959 | 62,648 |
| | 16,045 | 998,483 | 4,384,676 | 61,959 | 5,461,163 |

(*1) The entire amount of long-term investment securities was designated as financial assets at fair value through profit or loss as the embedded derivative (conversion right option), which should be separated from the main contract, could not be separately measured.

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For the three-month periods ended March 31, 2013 and 2012

31. Categories of Financial Instruments, Continued

(*2) Details of loans and receivables as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | December 31, 2012 |
|-----------------------------|----------------|-------------------|
| Short-term loans | 93,306 | 84,908 |
| Accounts receivable - other | 697,239 | 582,098 |
| Accrued income | 19,320 | 8,715 |
| Other current assets | 1,651 | 431 |
| Long-term loans | 61,942 | 69,299 |
| Guarantee deposits | 238,697 | 236,242 |
| | 1,112,155 | 981,693 |

(*3) Derivative financial assets classified as financial assets at fair value through profit or loss is the fair value of conversion right of convertible bonds held by SK Communications Co., Ltd., a subsidiary of the Parent Company.

(2) Financial liabilities by categories as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | | | Total |
|---|--|--|--|------------|
| | Financial liabilities at fair value through profit or loss | Financial liabilities measured at amortized cost | Derivative financial instruments designated as hedged item | |
| Accounts payable - trade | | 253,537 | | 253,537 |
| Derivative financial liabilities | | | 28,802 | 28,802 |
| Borrowings | | 299,660 | | 299,660 |
| Debentures(*1) | 443,765 | 5,906,470 | | 6,350,235 |
| Accounts payable - other and other payables(*2) | | 3,966,172 | | 3,966,172 |
| | 443,765 | 10,425,839 | 28,802 | 10,898,406 |

(In millions of won)

| | December 31, 2012 | | | Total |
|--|---|--|---|-------|
| | Financial liabilities at fair value through | Financial liabilities measured at amortized cost | Derivative financial instruments designated as hedged | |

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| | profit or loss | | item | |
|---|-------------------|------------|--------|------------|
| Accounts payable - trade | | 253,884 | | 253,884 |
| Derivative financial liabilities | | | 63,599 | 63,599 |
| Borrowings | | 1,086,699 | | 1,086,699 |
| Debentures(*1) | 405,678 | 5,171,321 | | 5,576,999 |
| Accounts payable - other and other payables(*2) | | 3,646,486 | | 3,646,486 |
| | 405,678 | 10,158,390 | 63,599 | 10,627,667 |

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

31. Categories of Financial Instruments, Continued

(*1) The entire amount of debentures was designated as financial liabilities at fair value through profit or loss as the embedded derivative (conversion right option), which should be separated from the main contract, could not be separately measured.

(*2) Details of accounts payable and other payables as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | December 31, 2012 |
|---|----------------|-------------------|
| Accounts payable - other | 2,203,100 | 1,811,038 |
| Withholdings | 1,998 | 1,840 |
| Accrued expenses | 979,105 | 890,863 |
| Current portion of long-term payables - other | 170,635 | 177,870 |
| Long-term payables - other | 565,599 | 715,508 |
| Finance lease liabilities | 18,106 | 22,036 |
| Other non-current liabilities | 27,629 | 27,331 |
| | 3,966,172 | 3,646,486 |

32. Financial Risk Management**(1) Financial risk management**

The Group is exposed to credit risk, liquidity risk and market risk. Market risk is the risk related to the changes in market prices, such as foreign exchange rates, interest rates and equity prices. The Group implements a risk management system to monitor and manage these specific risks.

The Group's financial assets under financial risk management consist of cash and cash equivalents, financial instruments, financial assets available-for-sale, trade and other receivables. Financial liabilities consist of trade and other payables, borrowings, and debentures.

1) Market risk**(i) Currency risk**

The Group is exposed to currency risk mainly on exchange fluctuations on recognized assets and liabilities. The Group manages currency risk by currency forward, etc. if needed to hedge currency risk on business transactions. Currency risk occurs on forecasted transaction and recognized assets and liabilities which are denominated in a currency other than the functional currency of the Group.

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

32. Financial Risk Management, Continued

(1) Financial risk management, Continued

Monetary foreign currency assets and liabilities as of March 31, 2013 are as follows:

(In millions of won, thousands of U.S. dollars, thousands of Euros, thousands of Japanese Yen, thousands of other currencies)

| | Assets | | Liabilities | |
|--------|--------------------|-----------------|--------------------|-----------------|
| | Foreign currencies | Won translation | Foreign Currencies | Won translation |
| USD | 112,302 | 124,891 | 2,179,213 | 2,423,502 |
| EUR | 37,062 | 52,822 | 14,879 | 21,205 |
| JPY | 102,257 | 1,207 | 10,600 | 125 |
| AUD | | | 297,700 | 344,764 |
| CHF | | | 298,236 | 349,234 |
| SGD | | | 64,663 | 57,956 |
| Others | 10,749 | 2,001 | 13,403 | 2,514 |
| | | 180,921 | | 3,199,300 |

In addition, the Group has entered into cross currency swaps to hedge against currency risk related to foreign currency borrowings and debentures. (Refer to Note 20)

As of March 31, 2013, effects on income (loss) before income tax as a result of change in exchange rate by 10% are as follows:

(In millions of won)

| | If increased by 10% | If decreased by 10% |
|--------|---------------------|---------------------|
| USD | (37,204) | 37,204 |
| EUR | 3,162 | (3,162) |
| JPY | 108 | (108) |
| Others | (51) | 51 |
| | (33,985) | 33,985 |

(ii) Equity price risk

The Group has equity securities which include listed and non-listed securities for its liquidity and operating purpose. As of March 31, 2013, available-for-sale equity instruments measured at fair value amount of 715,525 million.

(iii) Interest rate risk

Since the Group's interest bearing assets are mostly fixed-interest bearing assets, as such, the Group's revenue and operating cash flow are not influenced by the changes in market interest rates. However, the Group still has interest rate risk arising from borrowings and debentures.

Accordingly, the Group performs various analysis of interest rate risk, which includes refinancing, renewal, alternative financing and hedging instrument option, to reduce interest rate risk and to optimize its financing.

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

32. Financial Risk Management, Continued

(1) Financial risk management, Continued

The Group's interest rate risk arises from floating-rate borrowings and payables. As of March 31, 2013, floating-rate borrowings and debentures amount to 669,913 million and 111,210 million respectively, the Group has entered into interest rate swaps to hedge interest rate risk related to floating-rate borrowings and debentures. (Refer to Note 21) If interest rate only increases (decreases) by 1%, income before income taxes for the three-month period ended March 31, 2013 would not have been changed due to the interest expense from floating-rate borrowings and debentures.

2) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet his/her contractual obligations. The maximum credit exposure as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | December 31, 2012 |
|---|-----------------------|------------------------------|
| Cash and cash equivalents | 1,124,348 | 920,125 |
| Financial instruments | 339,285 | 514,561 |
| Available-for-sale financial assets | 1,162,860 | 998,483 |
| Accounts receivable - trade | 2,236,969 | 1,968,297 |
| Loans and receivables | 1,112,155 | 981,693 |
| Derivative financial assets | 97,050 | 61,959 |
| Financial assets at fair value through profit or loss | 16,983 | 16,045 |
| | 6,089,650 | 5,461,163 |

To manage credit risk, the Group evaluates the credit worthiness of each customer or counterparty considering the party's financial information, its own trading records and other factors; based on such information, the Group establishes credit limits for each customer or counterparty.

For the three-month period ended March 31, 2013, the Group has no trade and other receivables or loans which have indications of significant impairment loss or are overdue for a prolonged period. As a result, the Group believes that the possibility of default is remote. Also, the Group's credit risk can rise due to transactions with financial institutions related to its cash and cash equivalents, financial instruments and derivatives. To minimize such risk, the Group has a policy to deal with high credit worthy financial institutions. The amount of maximum exposure to credit risk of the Group is the carrying amount of financial assets as of March 31, 2013.

In addition, the aging of trade and other receivables that are overdue at the end of the reporting period but not impaired is stated in Note 6 and the analysis of financial assets that are individually determined to be impaired at the end of the reporting period is stated in Note 28.

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

32. Financial Risk Management, Continued

(1) Financial risk management, Continued

3) Liquidity risk

The Group's approach to managing liquidity is to ensure that it will always maintain sufficient cash equivalents balance and have enough liquidity through various committed credit lines. The Group maintains flexibly enough liquidity under credit lines through active operating activities.

Contractual maturities of financial liabilities as of March 31, 2013 are as follows:

(In millions of won)

| | Carrying amount | Contractual cash flows | Less than 1 year | 1 - 5 years | More than 5 years |
|---|-----------------|------------------------|------------------|-------------|-------------------|
| Accounts Payable - trade | 253,537 | 253,537 | 253,524 | 13 | |
| Derivative financial liabilities | 28,802 | 26,943 | 17,985 | 38,817 | (29,859) |
| Borrowings | 299,660 | 302,234 | 283,179 | 19,055 | |
| Debentures (*1) | 6,350,235 | 7,587,861 | 847,920 | 4,192,648 | 2,547,293 |
| Accounts payable - other and others(*2) | 3,946,499 | 4,243,980 | 3,499,376 | 513,704 | 230,900 |
| | 10,878,733 | 12,414,555 | 4,901,984 | 4,764,237 | 2,748,334 |

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at different amounts.

(*1) Includes estimated interest to be paid and excludes discounts on bonds.

(*2) Excludes discounts on accounts payable-other and others.

(2) Capital management

The Group manages its capital to ensure that it will be able to continue as a business while maximizing the return to shareholders through the optimization of its debt and equity balance. The overall strategy of the Group is the same as that of the group as of and for the year ended 31 December 2012.

The Group monitors its debt-equity ratio as a capital management indicator. This ratio is calculated as total debt divided by total equity; the total debt and equity is extracted from the financial statements.

Debt-equity ratio as of March 31, 2013 and December 31, 2012 are as follows:

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(In millions of won)

| | March 31, 2013 | December 31, 2012 |
|-------------------|---------------------------|--------------------------|
| Liabilities | 13,041,142 | 12,740,777 |
| Equity | 12,367,700 | 12,854,782 |
| Debt-equity ratio | 105.45% | 99.11% |

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

32. Financial Risk Management, Continued

(3) Fair value

Fair value of the financial instruments that are traded in an active market is measured based on the quoted market price at the end of the reporting date. Disclosed market price of the financial assets held by the Group is the bid price.

Fair value of the financial instruments that are not traded in an active market is determined using the valuation method. The Group uses the various valuation methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. Fair value of financial instruments such as long-term liabilities is measured using the various methods including estimated discounted cash flow method.

Fair values of accounts receivable - trade, and accounts payable - trade are considered to be carrying amount less impairment and fair value of financial liabilities for the disclosure purpose is estimated by discounting contractual future cash flows using the current market interest rate used for the similar financial instruments by the Group.

Interest rates used by the Group for the fair value measurement as of March 31, 2013 are as follows:

| | Interest rate |
|---------------------------|----------------------|
| Derivative instruments | 2.55~4.26% |
| Borrowings and debentures | 2.81~2.82% |

1) Fair value and carrying amount

Carrying amount and fair value of financial assets and liabilities are as follows:

(In millions of won)

| | March 31, 2013 | | December 31, 2012 | |
|---|------------------------|-------------------|--------------------------|-------------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Assets carried at fair value | | | | |
| Financial assets at fair value through profit or loss | 16,983 | 16,983 | 16,045 | 16,045 |
| Derivative financial assets | 97,050 | 97,050 | 61,959 | 61,959 |
| Available-for-sale financial assets | 715,525 | 715,525 | 765,759 | 765,759 |
| | 829,558 | 829,558 | 843,763 | 843,763 |
| Assets carried at amortized cost | | | | |
| Cash and cash equivalents | 1,124,348 | 1,124,348 | 920,125 | 920,125 |
| Available-for-sale financial assets | 447,335 | 463,629 | 232,724 | 232,724 |
| Accounts receivable - trade and others | 3,349,124 | 3,349,124 | 2,949,990 | 2,949,990 |
| Financial instruments | 339,285 | 339,285 | 514,561 | 514,561 |

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| | | | | |
|--|-----------|-----------|-----------|-----------|
| | 5,260,092 | 5,276,386 | 4,617,400 | 4,617,400 |
| Liabilities carried at fair value | | | | |
| Financial liabilities at fair value through profit or loss | 443,765 | 443,765 | 405,678 | 405,678 |
| Derivative financial liabilities | 28,802 | 28,802 | 63,599 | 63,599 |
| | 472,567 | 472,567 | 469,277 | 469,277 |

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

32. Financial Risk Management, Continued

(3) Fair value, Continued

(In millions of won)

| | March 31, 2013 | | December 31, 2012 | |
|--|-----------------|------------|-------------------|------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Liabilities carried at amortized cost | | | | |
| Accounts payable - trade | 253,537 | 253,537 | 253,884 | 253,884 |
| Borrowings | 299,660 | 309,788 | 1,086,699 | 1,100,464 |
| Debentures | 5,906,470 | 6,228,039 | 5,171,321 | 5,461,142 |
| Accounts payable - other and others | 3,966,172 | 3,966,172 | 3,646,486 | 3,646,486 |
| | 10,425,839 | 10,757,536 | 10,158,390 | 10,461,976 |

2) Fair value hierarchy

The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The table below analyzes financial instruments carried at fair value, by fair value hierarchy as of March 31, 2013.

(In millions of won)

| | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|---------|---------|
| Financial assets at fair value through profit or loss | | 16,294 | 689 | 16,983 |
| Derivative financial assets | | 97,050 | | 97,050 |
| Available-for-sale financial assets | 560,957 | 46,262 | 108,306 | 715,525 |
| Financial liabilities at fair value through profit or loss | 443,765 | | | 443,765 |
| Derivative financial liabilities | | 28,802 | | 28,802 |

There have been no transfers from Level 2 to Level 1 in 2013 and changes of financial assets classified as Level 3 for the three-month period ended March 31, 2013 are as follows:

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(In millions of won)

| | Balance at January 1 | Acquisition | Other comprehensive income | Disposal | Balance at March 31 |
|---|-------------------------------------|--------------------|---|-----------------|--------------------------------|
| Financial assets at fair value through profit or loss | 689 | | | | 689 |
| Available-for-sale financial assets | 125,572 | 1,000 | (2,520) | (15,746) | 108,306 |

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

33. Transactions with Related Parties

Transactions among consolidated entities have been eliminated upon the consolidation and significant related party transactions of the Group for the three-month periods ended March 31, 2013 and 2012, and account balances as of March 31, 2013 and December 31, 2012 are as follows:

(1) Transactions

(In millions of won)

| | Operating revenue and others | | Operating expense and others | |
|----------------|--|---|---|---|
| | Three-month period ended March 31, 2013 | Three-month period ended March 31, 2012 | Three-month period ended March 31, 2013 | Three-month period ended March 31, 2012 |
| Parent Company | 574 | 100 | 179,866 | 7,766 |
| Associates | 5,794 | 50,884 | 19,638 | 137,626 |
| Others | 30,260 | 14,429 | 502,276 | 542,145 |
| | 36,628 | 65,413 | 701,780 | 687,537 |

Please refer to note 10 for details of business combination with entities under common control.

(2) Account balances

(In millions of won)

| | Accounts receivable and others | | Accounts payable and others | |
|----------------|--------------------------------|----------------------|-----------------------------|----------------------|
| | March 31, 2013 | December 31, 2012 | March 31, 2013 | December 31, 2012 |
| Parent Company | 571 | 310 | 171,268 | |
| Associates | 75,953 | 68,768 | 6,029 | 164,783 |
| Others | 23,853 | 55,757 | 281,577 | 520,487 |
| | 100,377 | 124,835 | 458,874 | 685,270 |

(3) Compensation for the key management

The Parent Company considers registered directors who have substantial role and responsibility in planning, operating, and controlling of the business as key management. The compensations given to such key management for the three-month periods ended March 31, 2013 and 2012 are as follows:

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(In millions of won)

| | For the three-month period ended | |
|-----------------------------------|----------------------------------|----------------|
| | March 31, 2013 | March 31, 2012 |
| Salaries | 1,253 | 7,991 |
| Provision for retirement benefits | 721 | 565 |
| | 1,974 | 8,556 |

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

34. Commitments and Contingencies

(1) Collateral assets and commitments

SK Broadband Co., Ltd., a subsidiary of the Parent Company, has pledged its properties as collateral for leases on buildings in the amount of 15,200 million as of March 31, 2013.

PS & Marketing Corporation, a subsidiary of the Parent Company, has obtained a line of credit for 40,000 million from Shinhan Bank for operational purposes. In relation to the line of credit, PS & Marketing Corporation pledged 52,000 million of inventory as collateral to Shinhan Bank as of March 31, 2013.

(2) Guarantee provided

As of March 31, 2013, the Parent Company has participated in Tactical Airship program of the Defense Acquisition Program Administration with Joint Defense Corporation. For an advance receipt amounting to USD 3,897,196, which Joint Defense Corporation received from the Defense Acquisition Program Administration, the Parent Company provides payment guarantees to the Defense Acquisition Program Administration.

(3) Contingencies

As of March 31, 2013, the Group has recorded a provision in the amount of 5,459 million as SK Broadband Co., Ltd., a subsidiary of the Parent Company, have partially lost the first trial relating to the violation of customer's privacy (plaintiff's claims of 24,689 million).

As of March 31, 2013, the claim amount of pending litigations of SK Communications Co., Ltd., a subsidiary of the Parent Company, amounts to 6,131 million and the ultimate result of these litigations cannot be reasonably estimated.

35. Discontinued Operation

(1) Discontinued operation

During the three-month period ended June 30, 2012, SK Telink Co., Ltd., a subsidiary of the Parent Company, ceased its broadcasting business due to the rapid decrease in satellite digital multimedia broadcasting subscribers along with the effects from smart phones, etc.

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

35. Discontinued Operation, Continued

(2) Results of discontinued operation

Results of discontinued operation included in the consolidated statements of income for the three-month period ended March 31, 2012 are as follows. The consolidated statement of income presented for comparative purposes was restated in order to present discontinued operation segregated from the continuing operations.

| <i>(In millions of won)</i> | March 31, 2012 |
|---|-----------------------|
| Results of discontinued operation: | |
| Revenue | 261 |
| Expense | (13,127) |
| Operating loss generated by discontinued operation | (12,866) |
| Income tax benefit | 2,973 |
| Loss generated by discontinued operation | (9,893) |
| Attributable to: | |
| Owners of the Parent Company | (9,398) |
| Non-controlling interests | (495) |

(3) Cash flows used in discontinued operation

Cash flows used in discontinued operation for the three-month period ended March 31, 2012 are as follows:

| <i>(In millions of won)</i> | March 31, 2012 |
|--|-----------------------|
| Cash flow used in discontinued operation: | |
| Net cash used in operating activities | (9,704) |
| Net cash used in investing activities | (300) |
| Net cash used in financing activities | (9,602) |
| Net cash used in discontinued operation | (19,606) |

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

36. Statements of Cash Flows

- (1) Adjustments for income and expenses from operating activities for the three-month periods ended March 31, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month period ended | |
|---|---|-----------------------|
| | March 31, 2013 | March 31, 2012 |
| Interest income | (17,571) | (32,396) |
| Dividend | (10,149) | (22,333) |
| Gain on foreign currency translation | (2,939) | (819) |
| Gain on disposal of long-term investments assets | (1,041) | (6,412) |
| Gain on settlement of derivatives | (2,274) | (4,292) |
| Equity in losses of investments in affiliates | (161,325) | 27,583 |
| Gain on disposal of property, equipment and intangible assets | (2,009) | (1,010) |
| Reversal of allowance for doubtful accounts | (50) | (5,654) |
| Gain on valuation of financial assets at fair value through profit or loss | (938) | |
| Other income | (2,067) | (2,193) |
| Interest expenses | 89,907 | 97,035 |
| Loss on foreign currency translation | 3,975 | 859 |
| Loss on disposal of long-term investments securities | 190 | 7,505 |
| Impairment loss on long-term investment securities | 13,569 | |
| Income tax expense | 81,972 | 81,604 |
| Provision for retirement benefits | 22,404 | 20,423 |
| Depreciation and amortization | 681,973 | 625,804 |
| Bad debt expenses | 12,113 | 7,257 |
| Loss on disposal of property, equipment and intangible assets | 5,379 | 1,994 |
| Impairment loss on property, equipment and intangible assets | 10,617 | 3,429 |
| Loss on valuation of financial assets at fair value through profit or loss | | 640 |
| Loss on valuation of financial liabilities at fair value through profit or loss | 38,087 | 3,733 |
| Bad debt for accounts receivable - other | 10,530 | 19,687 |
| Loss on disposition of other investment | 1 | |
| Other expenses | 2,240 | 2,756 |
| | 772,594 | 825,200 |

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

36. Statements of Cash Flows, Continued

- (2) Changes in assets and liabilities from operating activities for the three-month periods ended March 31, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month period ended | |
|-----------------------------|---|-----------------------|
| | March 31, 2013 | March 31, 2012 |
| Accounts receivable - trade | (149,972) | 67,254 |
| Accounts receivable - other | (59,722) | 181,448 |
| Accrued income | (829) | (5,653) |
| Advance payments | (37,172) | (13,865) |
| Prepaid expenses | 3,478 | 12,324 |
| Proxy paid V.A.T. | (10,833) | (311) |
| Inventories | 18,477 | 17,128 |
| Guarantee deposits | 6,998 | 12,775 |
| Accounts payable - trade | 6,519 | (44,706) |
| Accounts payable - other | (252,480) | (274,740) |
| Advanced receipts | 1,285 | (188) |
| Withholdings | 99,189 | 117,747 |
| Deposits received | (542) | (3,089) |
| Accrued expenses | 92,390 | 129,735 |
| Advanced V.A.T. | 25,607 | 13,488 |
| Unearned revenue | (21,544) | (26,245) |
| Provisions | (79,988) | (28,679) |
| Long-term provisions | (30,061) | 3,718 |
| Plan assets | 5,032 | 841 |
| Retirement benefit payment | (15,801) | (15,862) |
| Others | 6,476 | 1,168 |
| | (393,493) | 144,288 |

- (3) Significant non-cash transactions for the three-month periods ended March 31, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month period ended | |
|--|---|-----------------------|
| | March 31, 2013 | March 31, 2012 |
| Transfer of other tangible assets to construction in progress | 264,163 | 367,439 |
| Transfer of construction in progress to property, equipment and investment in associates | 316,508 | 603,665 |
| Accounts payable - other related to acquisition of tangible assets and others | (118,913) | 8,010 |

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

37. Subsequent Events

On April 23, 2013, the Group issued bonds of 230,000 million with fixed interest rate of 3.03% and 130,000 million with fixed interest rate of 3.22%. Maturities of those bonds are April 23, 2023 and April 23, 2033, respectively.

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SK TELECOM CO., LTD.

Condensed Separate Interim Financial Statements

(Unaudited)

March 31, 2013 and 2012

(With Independent Auditors' Review Report Thereon)

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Independent Auditors' Review Report

Based on a report originally issued in Korean

To The Board of Directors and Shareholders

SK Telecom Co., Ltd.:

Reviewed financial statements

We have reviewed the accompanying condensed separate interim financial statements of SK Telecom Co., Ltd. (the Company), which comprise the condensed separate statement of financial position as of March 31, 2013, the related condensed separate statements of income, comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2013 and 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these condensed separate interim financial statements in accordance with Korean International Financial Reporting Standards (K-IFRS) No.1034 Interim Financial Reporting, and for such internal controls as management determines necessary to enable the preparation of condensed separate interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to issue a report on these condensed separate interim financial statements based on our reviews.

We conducted our reviews in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review consists principally of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of Korea and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying condensed separate interim financial statements referred to above are not prepared fairly, in all material respects, in accordance with K-IFRS No.1034 Interim Financial Reporting.

Highlights

As discussed in Note 3 to the condensed separate interim financial statements, the Company adopted amendments to K-IFRS No.1001, Presentation of Financial Statements from the interim period ended September 30, 2012 and separately presents operating income on the separate statements of income, which is calculated as operating revenue less operating expense. The Company applied this change in accounting policies retrospectively and accordingly restated the comparative information of the separate statement of income for the three-month ended March 31, 2012.

Other matters

The statement of financial position of the Company as of December 31, 2012, and the related separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by us and our report thereon, dated February 22, 2013, expressed an unqualified opinion. The accompanying condensed separate statement of financial position of the Company as of December 31, 2012, presented for comparative purposes, is not different from that audited by us in all material respects.

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The procedures and practices utilized in the Republic of Korea to review such condensed separate interim financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying condensed consolidated interim financial statements are for use by those knowledgeable about Korean review standards and their application in practice.

KPMG Samjong Accounting Corp.

Seoul, Korea

May 10, 2013

This report is effective as of May 10, 2013, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying condensed separate financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

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SK TELECOM CO., LTD.

Condensed Separate Statements of Financial Position

As of March 31, 2013 and December 31, 2012

| <i>(In millions of won)</i> | Note | March 31, 2013 | December 31, 2012 |
|--|--------------|-------------------|----------------------|
| Assets | | | |
| Current Assets: | | | |
| Cash and cash equivalents | 26,27 | 465,783 | 256,577 |
| Short-term financial instruments | 4,26,27 | 135,500 | 179,300 |
| Short-term investment securities | 6, 26,27 | 76,504 | 56,401 |
| Accounts receivable - trade, net | 5,26,27,28 | 1,416,415 | 1,407,206 |
| Short-term loans, net | 5,26,27,28 | 84,714 | 75,449 |
| Accounts receivable - other, net | 5,26,27,28 | 454,931 | 383,048 |
| Prepaid expenses | | 73,252 | 76,016 |
| Derivative financial assets | 16,26,27 | 13,214 | 9,656 |
| Inventories, net | | 10,482 | 15,995 |
| Non-current assets held for sale | 7 | 2,143 | 121,337 |
| Advanced payments and other | 5,26,27 | 32,873 | 8,714 |
| Total Current Assets | | 2,765,811 | 2,589,699 |
| Non-Current Assets: | | | |
| Long-term financial instruments | 4,26,27 | 69 | 69 |
| Long-term investment securities | 6,26,27 | 700,382 | 733,893 |
| Investments in subsidiaries and associates | 8 | 8,110,130 | 7,915,547 |
| Property and equipment, net | 9,28 | 7,043,807 | 7,119,090 |
| Goodwill | 10 | 1,306,236 | 1,306,236 |
| Intangible assets, net | 11 | 2,113,179 | 2,187,872 |
| Long-term loans, net | 5,26,27,28 | 43,273 | 49,672 |
| Long-term prepaid expenses | | 15,974 | 21,582 |
| Guarantee deposits | 4,5,26,27,28 | 143,135 | 149,373 |
| Long-term derivative financial assets | 16,26,27 | 83,836 | 52,303 |
| Deferred tax assets | 24 | 65,312 | 123,723 |
| Other non-current assets | | 397 | 443 |
| Total Non-Current Assets | | 19,625,730 | 19,659,803 |
| Total Assets | | 22,391,541 | 22,249,502 |

See accompanying notes to the condensed separate interim financial statements.

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SK TELECOM CO., LTD.

Condensed Separate Statements of Financial Position, Continued

As of March 31, 2013 and December 31, 2012

| <i>(In millions of won)</i> | Note | March 31, 2013 | December 31, 2012 |
|---|-------------|-------------------|----------------------|
| Liabilities and Equity | | | |
| Current Liabilities: | | | |
| Short-term borrowings | 12,26,27 | 40,000 | 330,000 |
| Current portion of long-term debt, net | 12,13,26,27 | 710,419 | 713,072 |
| Accounts payable - other | 26,27,28 | 1,932,347 | 1,509,456 |
| Withholdings | 26,27 | 659,696 | 552,380 |
| Accrued expenses | 26,27 | 663,396 | 600,101 |
| Income tax payable | | 87,663 | 52,267 |
| Unearned revenue | | 241,077 | 252,298 |
| Provisions | 14 | 207,940 | 286,819 |
| Advanced receipts | | 49,048 | 46,693 |
| Total Current Liabilities | | 4,591,586 | 4,343,086 |
| Non-Current Liabilities: | | | |
| Debentures, net, excluding current portion | 12,26,27 | 4,764,416 | 3,992,111 |
| Long-term borrowings, excluding current portion | 12,26,27 | | 348,333 |
| Long-term payables - other | 13,26,27 | 555,416 | 705,605 |
| Long-term unearned revenue | | 150,408 | 160,820 |
| Defined benefit liabilities | 15 | 41,993 | 34,951 |
| Long-term derivative financial liabilities | 16,26,27 | 28,802 | 63,599 |
| Long-term provisions | 14 | 68,666 | 99,355 |
| Other non-current liabilities | 26,27,28 | 125,586 | 124,594 |
| Total Non-Current Liabilities | | 5,735,287 | 5,529,368 |
| Total Liabilities | | 10,326,873 | 9,872,454 |
| Equity | | | |
| Share capital | 1,17 | 44,639 | 44,639 |
| Capital deficit and other capital adjustments | 17,18 | (236,160) | (236,160) |
| Retained earnings | 19 | 12,128,372 | 12,413,981 |
| Reserves | 20 | 127,817 | 154,588 |
| Total Equity | | 12,064,668 | 12,377,048 |
| Total Liabilities and Equity | | 22,391,541 | 22,249,502 |

See accompanying notes to the condensed separate interim financial statements.

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SK TELECOM CO., LTD.

Condensed Separate Statements of Income

For the three-month periods ended March 31, 2013 and 2012

| <i>(In millions of won except for per share data)</i> | Note | March 31, 2013 | March 31, 2012 |
|--|------|-------------------|-------------------|
| Operating revenue: | 3,28 | | |
| Revenue | | 3,112,099 | 3,007,439 |
| Operating expense: | 28 | | |
| Labor cost | | 199,905 | 169,735 |
| Commissions paid | | 1,369,500 | 1,271,355 |
| Depreciation and amortization | | 476,364 | 400,956 |
| Network interconnection | | 176,366 | 225,750 |
| Leased line | | 104,036 | 107,436 |
| Advertising | | 34,669 | 36,198 |
| Rent | | 86,286 | 80,888 |
| Cost of products that have been resold | | 78,802 | 61,945 |
| Other operating expenses | 21 | 166,060 | 170,511 |
| Sub-total | | 2,691,988 | 2,524,774 |
| Operating income | 3 | 420,111 | 482,665 |
| Finance income | 23 | 27,865 | 52,113 |
| Finance costs | 23 | (115,402) | (84,365) |
| Other non-operating income | 3,22 | 6,973 | 4,706 |
| Other non-operating expenses | 3,22 | (30,571) | (29,669) |
| Gain on disposal of investments in subsidiaries and associates | 8 | 71,200 | 80,483 |
| Impairment loss on investments in associates | | | (72,096) |
| Profit before income tax | | 380,176 | 433,837 |
| Income tax expense | 24 | 77,999 | 88,865 |
| Profit for the period | | 302,177 | 344,972 |
| Earnings per share | 25 | | |
| Basic earnings per share | | 4,336 | 4,950 |
| Diluted earnings per share | | 4,336 | 4,847 |

See accompanying notes to the condensed separate interim financial statements.

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SK TELECOM CO., LTD.

Condensed Separate Statements of Comprehensive Income

For the three-month periods ended March 31, 2013 and 2012

(In millions of won)

| | Note | March 31, 2013 | March 31, 2012 |
|--|--------------|-------------------|-------------------|
| Profit for the period | | 302,177 | 344,972 |
| Other comprehensive loss | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Actuarial losses on defined benefit obligations, net | <i>15,19</i> | (2,348) | (4,684) |
| Items that are or may be reclassified subsequently to profit or loss: | | | |
| Net change in unrealized fair value of available-for-sale financial assets | <i>20</i> | (19,320) | (11,699) |
| Net change in unrealized fair value of derivatives | <i>16,20</i> | (7,451) | (14,323) |
| | | (29,119) | (30,706) |
| Total comprehensive income | | 273,058 | 314,266 |

See accompanying notes to the condensed separate interim financial statements.

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SK TELECOM CO., LTD.

Condensed Separate Statements of Changes in Equity

For the three-month periods ended March 31, 2013 and 2012

(In millions of won)

| | Capital deficit and other capital adjustments | | | | | | Retained earnings | Reserves | Total equity |
|---------------------------------|---|------------------|--------------------|------------------------------------|------------------|-------------------|-------------------|-------------------|--------------|
| | Share capital | Paid-in surplus | Treasury stock | Loss on disposal of treasury stock | Other | | | | |
| Balance, January 1, 2012 | 44,639 | 2,915,887 | (2,410,451) | (18,855) | (722,597) | 11,837,185 | 320,494 | 11,966,302 | |
| Cash dividends | | | | | | (585,439) | | (585,439) | |
| Total comprehensive income | | | | | | | | | |
| Profit for the period | | | | | | 344,972 | | 344,972 | |
| Other comprehensive loss | | | | | | (4,684) | (26,022) | (30,706) | |
| Balance, March 31, 2012 | 44,639 | 2,915,887 | (2,410,451) | (18,855) | (722,597) | 11,592,034 | 294,472 | 11,695,129 | |
| Balance, January 1, 2013 | 44,639 | 2,915,887 | (2,410,451) | (18,855) | (722,741) | 12,413,981 | 154,588 | 12,377,048 | |
| Cash dividends | | | | | | (585,438) | | (585,438) | |
| Total comprehensive income | | | | | | | | | |
| Profit for the period | | | | | | 302,177 | | 302,177 | |
| Other comprehensive loss | | | | | | (2,348) | (26,771) | (29,119) | |
| Balance, March 31, 2013 | 44,639 | 2,915,887 | (2,410,451) | (18,855) | (722,741) | 12,128,372 | 127,817 | 12,064,668 | |

See accompanying notes to the condensed separate interim financial statements.

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SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows

For the three-month periods ended March 31, 2013 and 2012

| <i>(In millions of won)</i> | Note | March 31, 2013 | March 31, 2012 |
|--|------|-------------------|--------------------|
| Cash flows from operating activities: | | | |
| Cash generated from operating activities | | | |
| Profit for the period | | 302,177 | 344,972 |
| Adjustments for income and expenses | 31 | 625,487 | 557,635 |
| Changes in assets and liabilities related to operating activities | 31 | (90,051) | 211,427 |
| Sub-total | | 837,613 | 1,114,034 |
| Interest received | | 5,037 | 20,621 |
| Dividends received | | | 25,167 |
| Interest paid | | (71,719) | (59,468) |
| Income tax refund received (income tax paid) | | 18,589 | (1,972) |
| Net cash provided by operating activities | | 789,520 | 1,098,382 |
| Cash flows from investing activities: | | | |
| Cash inflows from investing activities: | | | |
| Decrease in short-term financial instruments, net | | 43,800 | 422,500 |
| Collection of short-term loans | | 91,232 | 51,956 |
| Proceeds from disposal of long-term investment securities | | 10,712 | 469 |
| Proceeds from disposal of investments in subsidiaries and associates | | | 88,602 |
| Proceeds from disposal of property and equipment | | 684 | 450 |
| Proceeds from disposal of intangible assets | | 512 | 1,577 |
| Proceeds from disposal of non-current assets held for sale | | 190,393 | |
| Collection of long-term loans | | 5,531 | 2,811 |
| Proceeds from disposal of other non-current assets | | 48 | |
| Sub-total | | 342,912 | 568,365 |
| Cash outflows for investing activities: | | | |
| Increase in short-term financial instruments, net | | (20,000) | (45,000) |
| Increase in short-term loans | | (99,138) | (48,808) |
| Acquisition of long-term investment securities | | (1,003) | (9,469) |
| Acquisition of investments in subsidiaries and associates | | (194,584) | (3,066,547) |
| Acquisition of property and equipment | | (459,439) | (486,802) |
| Acquisition of intangible assets | | (6,048) | (15,939) |
| Increase in other non-current assets | | | (246) |
| Sub-total | | (780,212) | (3,672,811) |
| Net cash used in investing activities | | (437,300) | (3,104,446) |

See accompanying notes to the condensed separate interim financial statements.

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SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2013 and 2012

| <i>(In millions of won)</i> | Note | March 31, 2013 | March 31, 2012 |
|---|------|-------------------|-------------------|
| Cash flows from financing activities: | | | |
| Cash inflows from financing activities: | | | |
| Proceeds from short-term borrowings | | 40,000 | 500,000 |
| Proceeds from long-term borrowings | | | 1,986,800 |
| Issuance of debentures | | 656,359 | |
| Cash inflows from transaction of derivatives | | 2,274 | 1,517 |
| Sub-total | | 698,633 | 2,488,317 |
| Cash outflows for financing activities: | | | |
| Repayment of short-term borrowings | | (330,000) | |
| Repayment of long-term borrowings | | (350,000) | |
| Repayment of current portion of long-term debt | | (161,575) | (92,158) |
| Repayment of debentures | | | (118,813) |
| Cash outflows from transaction of derivatives | | | (3,157) |
| Sub-total | | (841,575) | (214,128) |
| Net cash provided by (used in) financing activities | | (142,942) | 2,274,189 |
| Net increase in cash and cash equivalents | | | |
| Cash and cash equivalents at beginning of the period | | 256,577 | 895,558 |
| Effects of exchange rate changes on cash and cash equivalents | | (72) | |
| Cash and cash equivalents at end of the period | | 465,783 | 1,163,683 |

See accompanying notes to the condensed separate interim financial statements.

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the three-month periods ended March 31, 2013 and 2012

1. Reporting Entity

SK Telecom Co., Ltd. (the Company) was incorporated in March 1984 under the laws of Republic of Korea (Korea) to engage in providing cellular telephone communication services in Korea. The Company mainly provides wireless telecommunications in Korea. The Company s common shares and depositary receipts (DRs) are listed on the Stock Market of Korea Exchange, the New York Stock Exchange and the London Stock Exchange. As of March 31, 2013, the Company s total issued shares are held by the following:

| | Number of shares | Percentage of total shares issued (%) |
|---|---------------------|--|
| SK Holdings, Co., Ltd. | 20,363,452 | 25.22 |
| National Pension | 4,928,904 | 6.10 |
| Institutional investors and other minority stockholders | 44,402,643 | 54.99 |
| Treasury stock | 11,050,712 | 13.69 |
| Total number of shares | 80,745,711 | 100.00 |

2. Basis of Presentation**(1) Statement of compliance**

The condensed separate interim financial statements have been prepared in accordance with Korean International Financial Reporting Standards (K-IFRS), as prescribed in the Act on External Audits of Stock Companies.

These condensed separate interim financial statements were prepared in accordance with K-IFRS No. 1034, Interim Financial Reporting as part of the period covered by the Company s K-IFRS annual financial statements. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual separate financial statements as at and for the year ended December 31, 2012. These condensed separate interim financial statements do not include all of the disclosures required for full annual financial statements.

These condensed interim financial statements are separate interim financial statements prepared in accordance with K-IFRS No.1027, Separate Financial Statements presented by a parent, an investor in an associate or a venture in a jointly controlled entity, in which the investments are accounted for on the basis of the direct equity interest rather than on the basis of the reported results and net assets of the investees.

(2) Use of estimates and judgments

The preparation of the condensed separate interim financial statements in conformity with K-IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed separate interim financial statements, the significant judgments made by management in applying the Company s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as of and for the year ended December 31, 2012.

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2. Basis of Presentation, Continued

(3) Common control transactions

SK Holdings Co., Ltd. (the Ultimate Controlling Entity) is the Ultimate Controlling Entity of the Company because it has de facto control of the Company. Accordingly, gains and losses from business acquisitions and dispositions involving entities that are under the control of the Ultimate Controlling Entity are accounted for as common control transactions within equity.

3. Significant Accounting Policies

Except as described below, the accounting policies applied by the Company in these condensed separate interim financial statements are the same as those applied by the Company in its separate financial statements as of and for the year ended December 31, 2012. The following changes in accounting policy are also expected to be reflected in the Company's separate financial statements as at and for the year ending December 31, 2013.

(1) Changes in accounting policies

1) K-IFRS No. 1001, Presentation of Financial Statements

The Company has applied the amendments to K-IFRS No. 1001, Presentation of Financial Statements since January 1, 2013, classified items within other comprehensive income by nature and presented items that are not subsequently recycled through profit or loss and items that are subsequently reclassified if certain conditions are met as a group.

2) K-IFRS No.1110, Consolidated Financial Statements

The Company has applied the amendments to K-IFRS No. 1110, Consolidated Financial Statements since January 1, 2013. The standard introduces a single control model to determine whether an investee should be consolidated. Subsidiary is an entity that is controlled by a controlling entity or a subsidiary of a controlling company. A controlling entity or a subsidiary of a controlling company controls a subsidiary when the controlling entity or the subsidiary of the controlling company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

3) K-IFRS No.1111, Joint Arrangements

The Company has applied the amendments to K-IFRS No. 1111, Joint Arrangements since January 1, 2013. The standard classifies joint arrangements into two types - joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. The standard requires a joint operator to recognize and measure the assets and liabilities (and recognize the related revenues and expenses) in relation to its interest in the arrangement in accordance with relevant IFRSs applicable to the particular assets, liabilities, revenues and expenses. The standard requires a joint venturer to recognize an investment and to account for that investment using the equity method.

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3. Significant Accounting Policies, Continued

(1) Changes in accounting policies, Continued

4) K-IFRS No.1112, Disclosure of Interests in Other Entities

The Company has applied the amendments to K-IFRS No. 1112, Disclosure of Interests in Other Entities since January 1, 2013. The standard brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Company is currently assessing the disclosure requirements for interests in subsidiaries, interests in joint arrangements and associates and unconsolidated structured entities in comparison with the existing disclosures. The standard requires the disclosure of information about the nature, risks and financial effects of these interests.

5) K-IFRS No. 1019, Employee Benefits

The Company has applied the amendments to K-IFRS No. 1019, Employee Benefits since January 1, 2013. The standard requires recognition of actuarial gains and losses immediately in other comprehensive income and to calculate expected return on plan assets based on the rate used to discount the defined benefit obligation.

6) K-IFRS No. 1113, Fair Value Measurement

The Company has applied the amendments to K-IFRS No. 1113, Fair Value Measurement since January 1, 2013. The standard defines fair value and a single framework for fair value, and requires disclosures about fair value measurements.

(2) Impact of changes in accounting policies

1) K-IFRS No.1110, Consolidated Financial Statements

In accordance with the transitional provision on K-IFRS No. 1110, the Company assessed control on investees as of January 1, 2013, the initial adoption date of the standard, and there have been no changes in subsidiaries upon adoption of the standard.

2) K-IFRS No. 1001, Presentation of Financial Statements

The Company early adopted the amendments to K-IFRS No. 1001, Presentation of Financial Statements since the interim period ended September 30, 2012 and separately present its operating income as operating revenue less operating expense on the separate statement of income.

Table of Contents**3. Significant Accounting Policies, Continued**

(2) Impact of changes in accounting policies, Continued

The Company retrospectively applied the amendment to K-IFRS No. 1001, for which the impact is as follows:

| <i>(In millions of won)</i> | For the three month ended March 31, 2012 |
|---|---|
| Operating income before adoption of the amendment | 457,702 |
| Differences: | |
| Other non-operating income | |
| Gain on disposal of property and equipment and intangible assets | 231 |
| Others | 4,475 |
| | (4,706) |
| Other non-operating expense | |
| Loss on disposal of property and equipment and intangible assets | 762 |
| Donations | 12,270 |
| Bad debt for accounts receivable - other | 15,959 |
| Others | 678 |
| | 29,669 |
| Operating income after adoption of the amendment | 482,665 |

(3) New standards and interpretations not yet adopted

The following new standards, interpretations and amendments to existing standards have been published and are mandatory for the Company for annual periods beginning after January 1, 2013. Impact of these new standards, interpretations and amendments to the separate interim financial statements cannot be measured as of March 31, 2013.

1) K-IFRS No. 1032, Financial Instruments: Presentation

The amendments clarified the application guidance related to offsetting a financial asset and a financial liability. The amendment is mandatorily effective for periods beginning on or after January 1, 2014 with earlier application permitted.

Table of Contents**4. Restricted Deposits**

Deposits which are restricted in use as of March 31, 2013 and December 31, 2012 are summarized as follows:

(In millions of won)

| | March 31, 2013 | December 31, 2012 |
|-------------------------------------|----------------|-------------------|
| Short-term financial instruments(*) | 83,500 | 83,500 |
| Long-term financial instruments(*) | 69 | 69 |
| Deposit | 40 | 40 |
| | 83,609 | 83,609 |

(*) Financial instruments include charitable trust fund established by the Company. Profits from this charitable fund are donated to charitable institutions the funds cannot be withdrawn as of March 31, 2013.

5. Trade and Other Receivables

(1) Details of trade and other receivables as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | | |
|-----------------------------|----------------|---------------------------|-----------------|
| | Gross amount | Allowances for impairment | Carrying amount |
| Current assets: | | | |
| Accounts receivable - trade | 1,516,552 | (100,137) | 1,416,415 |
| Short-term loans | 85,828 | (1,114) | 84,714 |
| Accounts receivable - other | 504,489 | (49,558) | 454,931 |
| Accrued income | 5,375 | | 5,375 |
| | 2,112,244 | (150,809) | 1,961,435 |
| Non-current assets: | | | |
| Long-term loans | 66,334 | (23,061) | 43,273 |
| Guarantee deposits | 143,135 | | 143,135 |
| | 209,469 | (23,061) | 186,408 |
| | 2,321,713 | (173,870) | 2,147,843 |

Table of Contents**5. Trade and Other Receivables, Continued***(In millions of won)*

| | December 31, 2012 | | |
|-----------------------------|--------------------------|----------------------------------|------------------------|
| | Gross amount | Allowances for impairment | Carrying amount |
| Current assets: | | | |
| Accounts receivable - trade | 1,497,745 | (90,539) | 1,407,206 |
| Short-term loans | 76,471 | (1,022) | 75,449 |
| Accounts receivable - other | 421,695 | (38,647) | 383,048 |
| Accrued income | 4,147 | | 4,147 |
| | 2,000,058 | (130,208) | 1,869,850 |
| Non-current assets: | | | |
| Long-term loans | 72,801 | (23,129) | 49,672 |
| Guarantee deposits | 149,373 | | 149,373 |
| | 222,174 | (23,129) | 199,045 |
| | 2,222,232 | (153,337) | 2,068,895 |

- (2) The movement in allowance for doubtful accounts of trade and other receivables during the three-month periods ended March 31, 2013 and 2012 were as follows:

(In millions of won)

| | March 31, 2013 | March 31, 2012 |
|--|-----------------------|-----------------------|
| Balance at January 1 | 153,337 | 171,639 |
| Increase of bad debt allowances | 15,527 | 16,249 |
| Reversal of allowances for doubtful accounts | | (4,301) |
| Write-offs | (204) | (256) |
| Collection of receivables previously written-off | 5,210 | 5,669 |
| Balance at March 31 | 173,870 | 189,000 |

- (3) Details of overdue but not impaired, and impaired trade and other receivable as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | | December 31, 2012 | |
|----------------------------------|------------------------------------|--------------------------|------------------------------------|--------------------------|
| | Accounts receivable - trade | Other receivables | Accounts receivable - trade | Other receivables |
| Neither overdue or impaired | 1,105,682 | 698,319 | 1,093,481 | 636,292 |
| Overdue but not impaired | 30,183 | | 25,502 | |
| Impaired | 380,687 | 106,842 | 378,762 | 88,196 |
| | 1,516,552 | 805,161 | 1,497,745 | 724,488 |
| Allowances for doubtful accounts | (100,137) | (73,733) | (90,539) | (62,798) |
| | 1,416,415 | 731,428 | 1,407,206 | 661,690 |

The Company establishes allowances for doubtful accounts based on the likelihood of recoverability of trade and other receivables based on their aging at the end of the period, past customer default experience, customer credit status, and economic and industrial factors.

Table of Contents**5. Trade and Other Receivables, Continued**

(4) The aging of overdue but not impaired accounts receivable as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | December 31, 2012 |
|--------------------|----------------|-------------------|
| Less than 1 month | 6,590 | 3,699 |
| 1 ~ 3 months | 6,404 | 3,686 |
| 3 ~ 6 months | 2,043 | 9,175 |
| More than 6 months | 15,146 | 8,942 |
| | 30,183 | 25,502 |

6. Investment Securities

(1) Details of short-term investment securities as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | December 31, 2012 |
|--|----------------|-------------------|
| Beneficiary certificates(*) | 76,262 | 56,159 |
| Current portion of long-term investment securities | 242 | 242 |
| | 76,504 | 56,401 |

(*) The distributions arising from beneficiary certificates as of March 31, 2013, were accounted for as accrued income.

(2) Details of long-term investment securities as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | December 31, 2012 |
|---|----------------|-------------------|
| Equity securities: | | |
| Marketable equity securities | 560,957 | 584,029 |
| Unlisted equity securities | 18,814 | 18,814 |
| Equity investments | 103,743 | 115,120 |
| | 683,514 | 717,963 |
| Debt securities: | | |
| Public bonds(*1) | 356 | 356 |
| Investment bonds(*2) | 16,754 | 15,816 |
| | 17,110 | 16,172 |
| Total | 700,624 | 734,135 |
| Less current portion of long-term investment securities | (242) | (242) |

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| | | |
|---------------------------------|---------|---------|
| Long-term investment securities | 700,382 | 733,893 |
|---------------------------------|---------|---------|

Table of Contents**6. Investment Securities, Continued**

(*1) Details of maturity for the public bonds as of March 31, 2013 and December 31, 2012 are as follows:

| <i>(In millions of won)</i> | March 31, 2013 | December 31, 2012 |
|-----------------------------|-----------------------|--------------------------|
| 1 ~ 5 years | 356 | 356 |

(*2) The Company classified convertible bonds of NanoEnTek, Inc. (carrying amount as of March 31, 2013: 16,294 million) as financial assets at fair value through profit or loss. The difference between acquisition cost and fair value is accounted for as finance income (loss).

7. Non-current Assets Held for Sale

A disposal contract for the Company's ownership interests in SK Fans Co., Ltd., an associate, has been entered into during the year ended December 31, 2012 and investment in the associate was reclassified to non-current assets held for sale.

Non-current assets held for sale as of March 31, 2013 and December 31, 2012 are as follows:

| <i>(In millions of won)</i> | March 31, 2013 | December 31, 2012 |
|--------------------------------|-----------------------|--------------------------|
| Investments in subsidiaries(*) | | 119,194 |
| Investments in associates | 2,143 | 2,143 |
| | 2,143 | 121,337 |

(*) For the three-month period ended March 31, 2013, the Company disposed its ownership interests of 27% in SKY Property Mgmt. Ltd., a subsidiary, to SK Innovation Co., Ltd., a related party and recognized 71,200 million of disposal gain. The assets classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

8. Investments in Subsidiaries and Associates

(1) Investments in subsidiaries and associates as of March 31, 2013 and December 31, 2012 are as follows:

| <i>(In millions of won)</i> | March 31, 2013 | December 31, 2012 |
|-----------------------------|-----------------------|--------------------------|
| Investments in subsidiaries | 3,476,663 | 3,315,205 |
| Investments in associates | 4,633,467 | 4,600,342 |
| | 8,110,130 | 7,915,547 |

Table of Contents**8. Investments in Subsidiaries and Associates, Continued**

(2) Details of investments in subsidiaries as of March 31, 2013 and December 31, 2012 are as follows:

| <i>(In millions of won)</i> | | March 31, 2013 | | December 31, 2012 |
|--|-------------------------|-----------------------|------------------------|--------------------------|
| | Number of shares | Ownership (%) | Carrying amount | Carrying amount |
| SK Telink Co., Ltd. | 1,082,272 | 83.5 | 144,740 | 144,740 |
| SK Broadband Co., Ltd. | 149,638,354 | 50.6 | 1,242,247 | 1,242,247 |
| PS&Marketing Corporation | 46,000,000 | 100.0 | 213,934 | 213,934 |
| Service Ace Co., Ltd. | 4,385,400 | 100.0 | 21,927 | 21,927 |
| Service Top Co., Ltd. | 2,856,200 | 100.0 | 14,281 | 14,281 |
| Network O&S Co., Ltd. | 3,000,000 | 100.0 | 15,000 | 15,000 |
| SK Planet Co., Ltd.(*1) | 72,927,317 | 100.0 | 1,538,020 | 1,234,884 |
| SK Telecom China Holdings Co., Ltd. | | 100.0 | 29,116 | 29,116 |
| SKY Property Mgmt. Ltd.(*2) | | | | 264,850 |
| SKT Vietnam PTE. Ltd. | 180,476,700 | 73.3 | 26,264 | 26,264 |
| SKT Americas, Inc. | 122 | 100.0 | 76,764 | 72,786 |
| YTK Investment Ltd. | | 100.0 | 69,464 | 69,464 |
| Atlas Investment | | 100.0 | 59,122 | 59,122 |
| SK Global Healthcare Business Group Ltd. | | 100.0 | 25,784 | 25,784 |
| | | | 3,476,663 | 3,434,399 |
| Non-current assets held for sale | | | | (119,194) |
| | | | 3,476,663 | 3,315,205 |

(*1) The Company acquired additional 50% shares of SK Marketing & Company Co., Ltd., an associate, from SK Innovation Co., Ltd., a related party, and transferred its 100% shares of SK Marketing & Company Co., Ltd. (100%) to SK Planet Co.,Ltd., and received 12,927,317 of new shares of SK Planet Co.,Ltd. as a consideration. The additional interest in SK Planet Co., Ltd is measured at the carrying value of the Company's investments in SK Marketing & Company Co., Ltd. at the date of transaction.

(*2) The Company disposed its ownership interests of 27% in SKY Property Mgmt. Ltd., a subsidiary, to SK Innovation Co., Ltd., a related party and reclassified carrying value of the ownership interests of 145,656 million to investments in associates as the Company has less than 50% of the ownership interests.

Table of Contents**8. Investments in Subsidiaries and Associates, Continued**

(3) Details of investments in associates as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | | March 31, 2013 | | December 31, |
|--|-------------|----------------|-----------|--------------|
| | Number of | Ownership | Carrying | 2012 |
| | shares | percentage | amount | Carrying |
| | | (%) | | amount |
| SK Marketing & Company Co., Ltd.(*1) | | | | 112,531 |
| SK China Company Ltd.(*2) | 720,000 | 9.6 | 47,830 | 47,830 |
| SK USA, Inc. | 49 | 49.0 | 5,498 | 5,498 |
| HappyNarae Co., Ltd. | 680,000 | 42.5 | 12,250 | 12,250 |
| F&U Credit information Co., Ltd. | 300,000 | 50.0 | 4,482 | 4,482 |
| Korea IT Fund(*3) | 190 | 63.3 | 220,957 | 220,957 |
| Wave City Development Co., Ltd.(*2) | 382,000 | 19.1 | 1,532 | 1,532 |
| HanaSK Card Co., Ltd. | 57,647,058 | 49.0 | 400,000 | 400,000 |
| Daehan Kanggun BcN Co., Ltd. | 1,675,126 | 29.0 | 8,340 | 8,340 |
| NanoEnTek, Inc.(*2) | 1,807,130 | 9.3 | 11,000 | 11,000 |
| Health Connect Co., Ltd. | 954,000 | 49.5 | 9,540 | 9,540 |
| UNISK (Beijing) Information Technology Co., Ltd. | 49 | 49.0 | 4,247 | 4,247 |
| TR Entertainment | | 42.2 | 7,560 | 7,560 |
| SK Industrial Development China Co., Ltd. | 72,952,360 | 35.0 | 83,691 | 83,691 |
| Packet One Network | 1,153,674 | 27.0 | 140,139 | 140,139 |
| SK Technology Innovation Company | 9,800 | 49.0 | 85,873 | 85,873 |
| Lightsquared Inc.(*2,4) | 3,387,916 | 3.3 | | |
| SK Hynix Inc. | 146,100,000 | 21.1 | 3,374,725 | 3,374,725 |
| SK MENA Investment B.V. | | 32.1 | 14,485 | 14,485 |
| SK Latin America Investment S.A. | | 32.1 | 14,243 | 14,243 |
| Gemini | | 20.0 | 6,108 | 6,108 |
| SKY Property Mgmt. Ltd. | 12,639 | 33.0 | 145,656 | |
| SK Wyverns Baseball Club Co., Ltd. and others | | | 35,311 | 35,311 |
| | | | 4,633,467 | 4,600,342 |

(*1) Increased by 190,606 million as the Company acquired 50% shares from SK Innovation Co., Ltd., a related party, during the three-month period ended March 31, 2013, and the entire ownership interests has been provided to SK Planet Co., Ltd. as a consideration for the investment in kind.

(*2) Classified as an investment in associate because the Company can exercise significant influence over the associate through participation on the associate's board of directors.

(*3) Classified as an investment in associate because the Company has less than 50% of the voting rights of the board of directors.

(*4) Recognized the entire amount as impairment loss as recoverable amount is considered to be zero as of December 31, 2012.

Table of Contents**8. Investments in Subsidiaries and Associates, Continued**

(4) The market price of investments in listed subsidiaries as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won, except for share data)

| | March 31, 2013 | | | December 31, 2012 | | |
|--|---------------------------------|------------------|--------------|---------------------------------|------------------|--------------|
| | Market value per share (In won) | Number of shares | Market price | Market value per share (In won) | Number of shares | Market price |
| | SK Broadband Co., Ltd. | 4,095 | 149,638,354 | 612,769 | 4,665 | 149,638,354 |

9. Property and Equipment

(1) Property and equipment as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | | | December 31, 2012 | |
|--------------------------|------------------|--------------------------|-------------------------------|-------------------|-----------------|
| | Acquisition cost | Accumulated depreciation | Accumulated impairment losses | Carrying amount | Carrying amount |
| Land | 395,962 | | | 395,962 | 395,968 |
| Buildings | 1,004,898 | (404,574) | | 600,324 | 607,973 |
| Structures | 687,384 | (327,112) | | 360,272 | 363,364 |
| Machinery | 17,520,474 | (13,051,663) | (12,531) | 4,456,280 | 4,532,811 |
| Other | 1,467,613 | (871,165) | | 596,448 | 579,448 |
| Construction in progress | 634,521 | | | 634,521 | 639,526 |
| | 21,710,852 | (14,654,514) | (12,531) | 7,043,807 | 7,119,090 |

(2) Changes in property and equipment for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)

| | Beginning balance | For the three-month period ended March 31, 2013 | | | | Ending balance |
|--------------------------|-------------------|---|----------|-----------|--------------|----------------|
| | | Acquisition | Disposal | Transfer | Depreciation | |
| Land | 395,968 | | (6) | | | 395,962 |
| Buildings | 607,973 | 13 | (89) | 949 | (8,522) | 600,324 |
| Structures | 363,364 | | (7) | 5,646 | (8,731) | 360,272 |
| Machinery | 4,532,811 | 1,180 | (3,995) | 287,594 | (361,310) | 4,456,280 |
| Other | 579,448 | 304,028 | (493) | (262,098) | (24,437) | 596,448 |
| Construction in progress | 639,526 | 33,900 | (235) | (38,670) | | 634,521 |
| | 7,119,090 | 339,121 | (4,825) | (6,579) | (403,000) | 7,043,807 |

Table of Contents**9. Property and Equipment, Continued***(In millions of won)*

| | Beginning balance | For the three-month period ended March 31, 2012 | | | | Ending balance |
|--------------------------|----------------------|---|----------|-----------|--------------|-------------------|
| | | Acquisition | Disposal | Transfer | Depreciation | |
| Land | 409,696 | 1 | | (270) | | 409,427 |
| Buildings | 676,095 | 258 | | 53 | (10,100) | 666,306 |
| Structures | 300,995 | 8 | (1) | 131 | (8,743) | 292,390 |
| Machinery | 3,581,275 | 2,707 | (377) | 177,255 | (304,446) | 3,456,414 |
| Other | 640,317 | 405,401 | (606) | (347,537) | (22,800) | 674,775 |
| Construction in progress | 651,791 | 78,427 | | (203,486) | | 526,732 |
| | 6,260,169 | 486,802 | (984) | (373,854) | (346,089) | 6,026,044 |

10. Goodwill

Goodwill as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | December 31, 2012 |
|---|----------------|-------------------|
| Goodwill related to acquisition of Shinsegi Telecom, Inc. | 1,306,236 | 1,306,236 |

11. Intangible Assets

(1) Intangible assets as of March 31, 2013 and December 31, 2012 are as follows:

| <i>(In millions of won)</i> | March 31, 2013 | | | December 31, 2012 | |
|-----------------------------|---------------------|-----------------------------|-------------------------------------|--------------------|--------------------|
| | Acquisition cost | Accumulated depreciation | Accumulated impairment losses | Carrying amount | Carrying amount |
| Frequency use rights | 2,837,385 | (1,203,764) | (2,907) | 1,630,714 | 1,693,868 |
| Land use rights | 31,193 | (22,586) | | 8,607 | 9,815 |
| Industrial rights | 32,512 | (22,692) | | 9,820 | 9,769 |
| Development costs | 125,477 | (125,067) | | 410 | 665 |
| Facility usage rights | 41,945 | (25,581) | | 16,364 | 16,786 |
| Memberships(*1) | 81,039 | | | 81,039 | 81,518 |
| Other(*2) | 1,548,116 | (1,181,891) | | 366,225 | 375,451 |
| | 4,697,667 | (2,581,581) | (2,907) | 2,113,179 | 2,187,872 |

(*1) Memberships are classified as intangible assets with indefinite useful life and are not amortized.

(*2) Other intangible assets consist of computer software and usage rights to a research facility which the Company built and donated to a university and the Company in turn is given rights-to-use for a definite number of years.

Table of Contents**11. Intangible Assets, Continued**

(2) Details of changes in intangible assets for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)

| | Beginning balance | For the three-month period ended March 31, 2013 | | | | Ending balance |
|-----------------------|----------------------|---|----------|----------|--------------|-------------------|
| | | Acquisition | Disposal | Transfer | Amortization | |
| Frequency use rights | 1,693,868 | | | | (63,154) | 1,630,714 |
| Land use rights | 9,815 | | (50) | | (1,158) | 8,607 |
| Industrial rights | 9,769 | 666 | | | (615) | 9,820 |
| Development costs | 665 | | | | (255) | 410 |
| Facility usage rights | 16,786 | 183 | (12) | | (593) | 16,364 |
| Memberships | 81,518 | 22 | (501) | | | 81,039 |
| Other | 375,451 | 5,177 | | 20,423 | (34,826) | 366,225 |
| | 2,187,872 | 6,048 | (563) | 20,423 | (100,601) | 2,113,179 |

(In millions of won)

| | Beginning balance | For the three-month period ended March 31, 2012 | | | | Ending balance |
|-----------------------|----------------------|---|----------|----------|--------------|-------------------|
| | | Acquisition | Disposal | Transfer | Amortization | |
| Frequency use rights | 1,889,102 | 16,659 | | | (43,542) | 1,862,219 |
| Land use rights | 12,740 | | (80) | | (1,197) | 11,463 |
| Industrial rights | 8,328 | 2,934 | | | (758) | 10,504 |
| Development costs | 1,185 | | | | (644) | 541 |
| Facility usage rights | 15,058 | 131 | (38) | | (558) | 14,593 |
| Memberships | 80,607 | | (27) | | | 80,580 |
| Other | 357,775 | 4,225 | (1,431) | 28,519 | (34,023) | 355,065 |
| | 2,364,795 | 23,949 | (1,576) | 28,519 | (80,722) | 2,334,965 |

Table of Contents**11. Intangible Assets, Continued**

(3) The carrying amount and residual useful lives of frequency usage rights as of March 31, 2013 are as follows:

(In millions of won)

| | Amount | Description | Residual useful lives |
|----------------|-----------|---|-----------------------------|
| W-CDMA license | 366,023 | Frequency use rights relating to W-CDMA service | (*1) |
| W-CDMA license | 61,166 | Frequency use rights relating to W-CDMA service | (*2) |
| 800MHz license | 334,488 | Frequency use rights relating to CDMA and LTE service | (*3) |
| 1.8GHz license | 854,924 | Frequency use rights relating to LTE service | (*4) |
| WiBro license | 14,113 | WiBro service | (*5) |
| | 1,630,714 | | |

(*1) The Company purchased the W-CDMA license from Korea Communication Commission (KCC) on December 4, 2001. Amortization of the W-CDMA license commenced once the Company began its commercial W-CDMA services on December 29, 2003 under a straight-line basis over the remaining useful life of the license. The W-COMA license will expire in December 2016.

(*2) The Company purchased the additional W-CDMA license from KCC in May 2010. Amortization of the additional W-CDMA license commenced once the Company started its related commercial W-CDMA services on October 7, 2010, under a straight-line basis over the remaining useful life of the W-CDMA license. The additional W-COMA license will expire in December 2016.

(*3) The Company purchased 800MHz license from KCC in June 2011. Amortization of the 800MHz license commenced once the Company started its related commercial CDMA and LTE services on July 1, 2011, under a straight-line basis over the remaining useful life of the 800MHz license. The 800MHz license will expire in June 2021.

(*4) The Company purchased 1.8GHz license from KCC in December 2011. Amortization of the 1.8GHz license will commence when the Company starts its related commercial LTE services in the second half of year 2012, under a straight-line basis over the remaining useful life of the 1.8GHz license. The 1.8GHz license will expire in December 2021.

(*5) The Company additionally purchased Wibro license in March 2012. Amortization of this WiBro license commenced when the Company started its commercial WiBro services on March 30, 2012, under a straight line basis over the remaining useful life. This Wibro license will expire in March 2019.

Table of Contents**12. Borrowings and Debentures**

(1) Short-term borrowings as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won and thousands of U.S. dollars)

| Lender | Annual interest rate (%) | Maturity | March 31, 2013 | December 31, 2012 |
|---------------|---------------------------------|-----------------|-----------------------|--------------------------|
| Kookmin Bank | 3.98 | Apr. 4, 2013 | 40,000 | |
| | 3.98 | Jan. 10, 2013 | | 100,000 |
| Woori Bank | 4.20 | Jan. 10, 2013 | | 100,000 |
| CP | 2.98 | Jan. 14, 2013 | | 60,000 |
| | 3.05 | Jan. 25, 2013 | | 20,000 |
| | 3.10 | Jan. 29, 2013 | | 50,000 |
| | | | 40,000 | 330,000 |

(2) Long-term borrowings as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won and thousands of U.S. dollars)

| Lender | Annual interest rate (%) | Maturity | March 31, 2013 | December 31, 2012 |
|---|---------------------------------|-----------------|------------------------|--------------------------|
| Bank of Communications (*) | 6M Libor + 0.29 | Oct. 10, 2013 | 33,363 (USD 30,000) | 32,133 (USD 30,000) |
| Bank of China(*) | 6M Libor + 0.29 | Oct. 10, 2013 | 22,242 (USD 20,000) | 21,422 (USD 20,000) |
| DBS Bank(*) | 6M Libor + 0.29 | Oct. 10, 2013 | 27,803 (USD 25,000) | 26,777 (USD 25,000) |
| SMBC(*) | 6M Libor + 0.29 | Oct. 10, 2013 | 27,802 (USD 25,000) | 26,778 (USD 25,000) |
| Kookmin Bank and 13 others | 4.48 | Feb. 14, 2015 | | 350,000 |
| | | | 111,210 | 457,110 |
| Less present value discount on long-term borrowings | | | | (1,667) |
| | | | 111,210 | 455,443 |
| Less current portion of bonds | | | (111,210) | (107,110) |
| | | | | 348,333 |

(*) As of March 31, 2013, 6M Libor rate is 0.44%.

Table of Contents**12. Borrowings and Debentures, Continued**

(3) Debentures as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won, thousands of U.S. dollars, thousands of Japanese Yen, and thousands of other currencies)

| | Purpose | Maturity | Annual interest rate (%) | March 31, 2013 | December 31, 2012 |
|------------------------------------|----------------|----------|--------------------------------|-------------------|----------------------|
| Unsecured private bonds | Refinancing | 2016 | 5.00 | 200,000 | 200,000 |
| Unsecured private bonds | fund | 2013 | 4.00 | 200,000 | 200,000 |
| Unsecured private bonds | | 2014 | 5.00 | 200,000 | 200,000 |
| Unsecured private bonds | Other fund | 2015 | 5.00 | 200,000 | 200,000 |
| Unsecured private bonds | | 2018 | 5.00 | 200,000 | 200,000 |
| Unsecured private bonds | | 2013 | 6.92 | 250,000 | 250,000 |
| Unsecured private bonds | | 2016 | 5.54 | 40,000 | 40,000 |
| Unsecured private bonds | | 2016 | 5.92 | 230,000 | 230,000 |
| Unsecured private bonds | Operating fund | 2016 | 3.95 | 110,000 | 110,000 |
| Unsecured private bonds | | 2021 | 4.22 | 190,000 | 190,000 |
| Unsecured private bonds | Operating and | 2019 | 3.24 | 170,000 | 170,000 |
| Unsecured private bonds | refinancing | 2022 | 3.30 | 140,000 | 140,000 |
| Unsecured private bonds | fund | 2032 | 3.45 | 90,000 | 90,000 |
| Foreign global bonds | Operating fund | | | 444,840 | 428,440 |
| | | 2027 | 6.63 | (USD 400,000) | (USD 400,000) |
| Exchangeable bonds (*3,4) | Refinancing | | | 443,765 | 405,678 |
| | fund | 2014 | 1.75 | (USD 332,528) | (USD 332,528) |
| Floating rate notes (*1) | Operating fund | | | 278,025 | 267,775 |
| | | 2014 | 3M Libor + 1.60 | (USD 250,000) | (USD 250,000) |
| Floating rate notes (*2) | | | | 58,258 | 56,906 |
| | | 2014 | SOR rate + 1.20 | (SGD 65,000) | (SGD 65,000) |
| Swiss unsecured private bonds | | | | 351,300 | 351,930 |
| | | 2017 | 1.75 | (CHF 300,000) | (CHF 300,000) |
| Foreign global bonds | | | | 778,470 | 749,770 |
| | | 2018 | 2.13 | (USD 700,000) | (USD 700,000) |
| Australian unsecured private bonds | | | | 347,427 | |
| | | 2017 | 4.75 | (AUD 300,000) | |
| Floating rate notes (*1) | | | | 333,630 | |
| | | 2020 | 3M Libor + 0.88 | (USD 300,000) | |
| | | | | 5,255,715 | 4,480,499 |
| Less discounts on bonds | | | | (42,744) | (40,392) |
| | | | | 5,212,971 | 4,440,107 |
| Less current portion of bonds | | | | (448,555) | (447,996) |

4,764,416

3,992,111

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12. Borrowings and Debentures, Continued

(*1) As of March 31, 2013, 3M Libor rate is 0.28%.

(*2) As of March 31, 2013, SOR rate is 0.20%.

(*3) As of March 31, 2013, exchangeable bonds are classified as financial liabilities at fair value through profit or loss.

(*4) On April 7, 2009, the Company issued exchangeable bonds with a maturity of five years in the principal amount of USD 332,528,000 for USD 326,397,463 with a coupon rate of 1.75%. As of March 31, 2013, fair value of the exchangeable bonds is USD 399,033,600. The exchange price could be adjusted and the exchange price is 190,006 with the exchange rate of 1,383.40 per USD 1.

The Company may redeem the principal amount after 3 years from the issuance date if the market price exceeds 130% of the exchange price during a predetermined period. The exchange right may be exercised during the period from May 18, 2009 to March 24, 2014 and the number of common shares that can be exchanged as of March 31, 2013 is 2,421,077 shares.

Exchange 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 such 49% ownership limitation is violated due to the exercise of exchange rights, the Company will pay the bond holder a cash settlement which will be determined at the average price of one day after a holder exercises its exchange right or the weighted average price for the following five or twenty business days. Unless either previously redeemed or exchanged, the notes are redeemable at 100% of the principal amount at maturity.

In accordance with a resolution of the general shareholder's meeting on March 22, 2013, the exchange price was changed from 197,760 to 190,006 and the number of common shares that can be exchanged was changed from 2,326,149 shares to 2,421,077 shares due to the payment of periodic dividends. During the three-month period ended March 31, 2013, no exchange was made.

Table of Contents**13. Long-term Payables - other**

- (1) As of March 31, 2013 and December 31, 2012, long-term payables consist of payables related to the acquisition of W-CDMA licenses for 2.1GHz, 800MHZ, 1.8GHz and 2.3GHz frequencies as follows (Refer to Note 11):

(In millions of won)

| | 2.1GHz | 800MHZ | 1.8GHz | 2.3GHz | Total |
|---|-----------|-----------|-----------|-----------|-----------|
| Period of repayment | 2012~2014 | 2013~2015 | 2012~2021 | 2014~2016 | |
| Coupon rate(*1) | 3.58% | 3.51% | 3.00% | 3.00% | |
| Annual effective interest rate(*2) | 5.89% | 5.69% | 5.25% | 5.80% | |
| Nominal value at the acquisition date | 52,600 | 208,250 | 746,250 | 8,650 | 1,015,750 |
| Present value discount on long-term payables - other | (3,237) | (11,060) | (66,797) | (641) | (81,735) |
| Present value of long-term payables - other at the time of acquisition | 49,363 | 197,190 | 679,453 | 8,009 | 934,015 |
| Nominal value at December 31, 2012 | 35,066 | 208,250 | 671,625 | 8,650 | 923,591 |
| Present value discount on long-term payables - other | (3,076) | (10,178) | (64,230) | (641) | (78,125) |
| Current portion of long-term payables - other | (17,533) | (69,417) | (74,625) | | (161,575) |
| Accumulated amortization of present value discount at December 31, 2012 | 2,693 | 5,955 | 12,911 | 155 | 21,714 |
| Carrying amount as of December 31, 2012 | 17,150 | 134,610 | 545,681 | 8,164 | 705,605 |
| Amortization of present value discount | 173 | 966 | 2,884 | 52 | 4,075 |
| Current portion of amortization of present value discount | (161) | (882) | (2,567) | | (3,610) |
| Less current portion of long-term payables - other | (17,162) | (66,711) | (64,156) | (2,625) | (150,654) |
| Carrying amount at March 31, 2013 | | 67,983 | 481,842 | 5,591 | 555,416 |

(*1) The Company applied an annual interest rate equal to the previous year average lending rate of public funds financing account less 1%.

(*2) The Company estimated the discount rate based on its credit ratings and corporate bond yield rate as there is no market interest rate available for long-term payables - other.

Table of Contents**13. Long-term Payables - other, Continued**

(2) The repayment schedule of long-term payables - other as of March 31, 2013 is as follows:

| <i>(In millions of won)</i> | Amount |
|-----------------------------|----------------|
| 2014 | 164,458 |
| 2015 | 146,925 |
| 2016 | 77,508 |
| 2017 and thereafter | 373,125 |
| | 762,016 |

14. Provisions

Change in provisions for the three-month periods ended March 31, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month period ended March 31, 2013 | | | | As of Mar. 31, 2013 | | |
|-------------------------------|--|-----------------|--------------------|-----------------|----------------------------|----------------|--------------------|
| | Beginning balance | Increase | Utilization | Reversal | Ending balance | Current | Non-current |
| Provision for handset subsidy | 353,383 | 1,486 | (111,816) | | 243,053 | 199,990 | 43,063 |
| Provision for restoration | 32,791 | 898 | (108) | (28) | 33,553 | 7,950 | 25,603 |
| | 386,174 | 2,384 | (111,924) | (28) | 276,606 | 207,940 | 68,666 |

| <i>(In millions of won)</i> | For the three-month period ended March 31, 2012 | | | | As of Mar. 31, 2012 | |
|-------------------------------|--|-----------------|--------------------|-----------------------|----------------------------|--------------------|
| | Beginning balance | Increase | Utilization | Ending balance | Current | Non-current |
| Provision for handset subsidy | 762,238 | 169,931 | (195,806) | 736,363 | 627,946 | 108,417 |
| Provision for restoration | 28,623 | 2,606 | (66) | 31,163 | 4,267 | 26,896 |
| | 790,861 | 172,537 | (195,872) | 767,526 | 632,213 | 135,313 |

The Company recognizes a provision for handset subsidies given to the subscribers who purchase handsets on an installment basis.

Table of Contents**15. Defined Benefit Liabilities**

(1) Details of defined benefit liabilities as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | December 31, 2012 |
|--|---------------------------|------------------------------|
| Present value of defined benefit obligations | 139,475 | 133,098 |
| Fair value of plan assets | (97,482) | (98,147) |
| | 41,993 | 34,951 |

(2) Principal actuarial assumptions as of March 31, 2013 and December 31, 2012 are as follows:

| | March 31, 2013 | December 31, 2012 |
|---|---------------------------|------------------------------|
| Discount rate for defined benefit obligations | 3.56% | 3.56% |
| Expected rate of salary increase | 5.20% | 5.20% |

Discount rate for defined benefit obligation is determined based on the Company's credit ratings and yield rate of corporate bonds with similar maturities for estimated payment term of defined benefit obligation. Expected rate of salary increase is determined based on the Company's historical promotion index, inflation rate and salary increase ratio in accordance with salary agreement.

(3) Changes in defined benefit obligations for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)

| | For the three-month period ended | |
|----------------------------------|---|---------------------------|
| | March 31, 2013 | March 31, 2012 |
| Beginning balance | 133,098 | 95,359 |
| Current service cost | 8,282 | 7,220 |
| Interest cost | 1,136 | 1,044 |
| Remeasurement: | | |
| - Adjustment based on experience | 3,940 | 6,458 |
| Benefit paid | (8,003) | (9,530) |
| Others(*) | 1,022 | 395 |
| Ending balance | 139,475 | 100,946 |

(*) Others for the year ended March 31, 2013 include transfer to construction in progress and liabilities succeeded in relation to transfer of an executive from affiliates.

Table of Contents**15. Defined Benefit Liabilities, Continued**

- (4) Changes in plan assets for the three-month periods ended March 31, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month period ended | |
|------------------------------|---|---------------------------|
| | March 31, 2013 | March 31, 2012 |
| Beginning balance | 98,147 | 68,619 |
| Interest income | 831 | 618 |
| Remeasurement of plan assets | 842 | 239 |
| Contribution to the plan | (2,338) | (1,184) |
| Ending balance | 97,482 | 68,292 |

- (5) Expenses recognized in profit and loss and capitalized into construction-in-progress for the three-month periods ended March 31, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month period ended | |
|-----------------------------|---|---------------------------|
| | March 31, 2013 | March 31, 2012 |
| Current service cost | 8,282 | 7,220 |
| Net interest cost | 305 | 426 |
| | 8,587 | 7,646 |

The above costs are recognized in labor cost, research and development, or capitalized into construction-in-progress.

- (6) Details of plan assets as of March 31, 2013 and December 31, 2012 are as follows:

| <i>(In millions of won)</i> | March 31, 2013 | December 31, 2012 |
|--|---------------------------|------------------------------|
| Equity instruments | 122 | 55 |
| Debt instruments | 30,335 | 24,199 |
| Short-term financial instruments, etc. | 67,025 | 73,893 |
| | 97,482 | 98,147 |

Actual return on plan assets for the three-month periods ended March 31, 2013 and 2012 amounted to 1,673 million and 857 million, respectively.

Table of Contents**16. Derivative Instruments****(1) Currency swap contracts under cash flow hedge accounting**

The Company has entered into a floating-to-fixed cross currency interest rate swap contract with Credit Agricole Corporate & Investment Bank to hedge the foreign currency risk and the interest rate risk of U.S. dollar denominated long-term borrowings with face amounts totaling USD 100,000,000 borrowed on October 10, 2006. As of March 31, 2013, in connection with unsettled cross currency interest rate swap contract, an accumulated loss on valuation of derivatives amounting to 2,802 million (net of tax effect totaling 394 million and foreign currency translation loss arising from U.S. dollar denominated long-term borrowings totaling 16,410 million) is accounted for as accumulated other comprehensive loss.

In addition, the Company has entered into a fixed-to-fixed cross currency swap contract with Morgan Stanley and five other banks to hedge the foreign currency risk of unguaranteed U.S. dollar denominated bonds with face amounts totaling USD 400,000,000 at annual fixed interest rate of 6.63% issued on July 20, 2007. As of March 31, 2013, in connection with unsettled cross currency swap contract to which cash flow hedge accounting is applied since May 12, 2010, an accumulated loss on valuation of derivatives amounting to 37,356 million (net of tax effect totaling 11,926 million and foreign currency translation gain arising from unguaranteed U.S. dollar denominated bonds totaling 12,483 million) is accounted for as accumulated other comprehensive loss. In connection with the cross currency swap contract, a gain on valuation of the currency swap contract which was incurred before application of hedge accounting, amounting to 129,806 million was recognized in profit or loss.

In addition, the Company has entered into a floating-to-fixed cross currency interest rate swap contract with United Overseas Bank to hedge the foreign currency risk and the interest rate risk of its Singapore dollar denominated bonds with face amounts totaling SGD 65,000,000 issued on December 15, 2011. As of March 31, 2013, in connection with the unsettled cross currency interest rate swap contract, an accumulated loss on valuation of derivatives amounting to 173 million (net of tax effect totaling 55 million and foreign currency translation loss arising from unguaranteed Singapore dollar denominated bonds totaling 791 million) is accounted for as accumulated other comprehensive loss.

In addition, the Company has entered into a floating-to-fixed cross currency interest rate swap contract with DBS Bank and Citi Bank to hedge the foreign currency risk and the interest rate risk of its unguaranteed U.S. dollar denominated bonds with face amounts totaling USD 250,000,000 issued on December 15, 2011. As of March 31, 2013, in connection with the unsettled cross currency interest rate swap contract, an accumulated gain on valuation of derivatives amounting to 5,767 million (net of tax effect totaling 1,841 million and foreign currency translation gain arising from unguaranteed U.S. dollar denominated bonds totaling 11,490 million) is accounted for as other comprehensive income.

In addition, the Company has entered into a fixed-to-fixed cross currency swap contract with Citi Bank and five other banks to hedge the foreign currency risk of its Swiss Franc denominated bonds with face amounts totaling CHF 300,000,000 issued on June 12, 2012. As of March 31, 2013, in connection with the unsettled cross currency swap contract, an accumulated loss on valuation of derivatives amounting to 8,912 million (net of tax effect totaling 2,845 million and foreign currency translation gain arising from unguaranteed Swiss Franc denominated bonds totaling 12,176 million) is accounted for as accumulated other comprehensive loss.

Table of Contents**16. Derivative Instruments, Continued**

In addition, the Company has entered into a fixed-to-fixed cross currency swap contract with Barclays and nine other banks to hedge the foreign currency risk of unguaranteed U.S. dollar denominated bonds with face amounts totaling USD 700,000,000 issued on November 1, 2012. As of March 31, 2013, in connection with the unsettled cross currency swap contract, an accumulated loss on valuation of derivatives amounting to 12,029 million (net of tax effect totaling 3,840 million and foreign currency translation loss arising from unguaranteed U.S. dollar denominated bonds totaling 14,883 million) is accounted for as accumulated other comprehensive loss.

In addition, the Company has entered into a fixed-to-fixed cross currency swap contract with BNP Paribas and three other banks to hedge the foreign currency risk of unguaranteed Australian dollar denominated bonds with face amounts totaling AUD 300,000,000 issued on January 17, 2013. As of March 31, 2013, in connection with the unsettled cross currency swap contract, an accumulated gain on valuation of derivatives amounting to 307 million (net of tax effect totaling 98 million and foreign currency translation loss arising from unguaranteed Australian dollar denominated bonds totaling 11,703 million) is accounted for as accumulated other comprehensive income.

In addition, the Company has entered into a floating-to-fixed cross currency interest rate swap contract with DBS bank to hedge the foreign currency risk of unguaranteed U.S. dollar denominated bonds with face amounts totaling USD 300,000,000 issued on March 7, 2013. As of March 31, 2013, in connection with the unsettled cross currency interest rate swap contract, an accumulated loss on valuation of derivatives amounting to 4,077 million (net of tax effect totaling 1,302 million and foreign currency translation loss arising from unguaranteed U.S. dollar denominated bonds totaling 8,506 million) is accounted for as accumulated other comprehensive loss.

- (2) As of March 31, 2013, fair values of the above derivatives recorded in assets or liabilities and details of derivative instruments are as follows:

(In millions of won, thousands of U.S. dollars, Singapore dollars, Australian dollars, and Swiss franc)

| | Hedged item | Amount | Duration of Contract | Fair value Designated as Cash Flow Hedge |
|---------------------------------------|--|-------------|-------------------------------|--|
| Current assets: | | | | |
| Floating-to-fixed cross currency swap | U.S. dollar denominated long-term borrowings | USD 100,000 | Oct. 10, 2006 ~ Oct. 10, 2013 | 13,214 |
| Non-current assets: | | | | |
| Fixed-to-fixed cross currency swap | U.S. dollar denominated bonds | USD 400,000 | Jul. 20, 2007 ~ Jul. 20, 2027 | 68,040 |
| Floating-to-fixed cross currency swap | Singapore dollar denominated bonds | SGD 65,000 | Dec. 15, 2011 ~ Dec. 12, 2014 | 562 |
| Fixed-to-fixed cross currency swap | Australian dollar denominated bonds | AUD 300,000 | Jan. 17, 2013 ~ Nov. 17, 2017 | 12,107 |
| Floating-to-fixed cross currency swap | U.S. dollar denominated bonds | USD 300,000 | Mar. 7, 2013 ~ Mar. 7, 2020 | 3,127 |
| Total assets | | | | 97,050 |
| Non-current liabilities: | | | | |
| Floating-to-fixed cross currency swap | U.S. dollar denominated bonds | USD 250,000 | Dec. 15, 2011 ~ Dec. 12, 2014 | 3,882 |
| Fixed-to-fixed cross currency swap | Swiss Franc denominated bonds | CHF 300,000 | Jun. 12, 2012 ~ Jun. 12, 2017 | 23,933 |
| Fixed -to-fixed cross currency swap | U.S. dollar denominated bonds | USD 700,000 | Nov. 1, 2012 ~ May. 1, 2018 | 987 |
| Total liabilities | | | | 28,802 |

Table of Contents**17. Share Capital and Capital Surplus (Deficit) and Other Capital Adjustments**

The Company's outstanding share capital consists entirely of common stock with a par value of ₩500. The number of authorized, issued and outstanding common shares and capital surplus (deficit) and other capital adjustments as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won, except for share data)

| | March 31, 2013 | December 31, 2012 |
|--|-------------------|----------------------|
| Authorized shares | 220,000,000 | 220,000,000 |
| Issued shares(*1) | 80,745,711 | 80,745,711 |
| Share capital | | |
| Common stock | 44,639 | 44,639 |
| Capital surplus (deficit) and other capital adjustments: | | |
| Paid-in surplus | 2,915,887 | 2,915,887 |
| Treasury stock | (2,410,451) | (2,410,451) |
| Loss on disposal of treasury stock | (18,855) | (18,855) |
| Others(*2) | (722,741) | (722,741) |
| | (236,160) | (236,160) |

(*1) During the years ended December 31, 2003, 2006 and 2009, the Company retired 7,002,235 shares, 1,083,000 shares and 448,000 shares, respectively, of treasury stock which reduced its retained earnings before appropriation in accordance with the Korean Commercial Law. As a result, the Company's outstanding shares have decreased without change in the share capital.

(*2) Others represent the difference between net assets and considerations paid in relation to the transfer of Imagine business from SK Planet Co., Ltd., a subsidiary.

There were no changes in share capital for the three-month period ended March 31, 2013 and the year ended December 31, 2012.

18. Treasury Stock

Through 2009, the Company acquired 8,400,712 shares of treasury stock in the open market for ₩1,992,083 million to provide stock dividends, issue new stocks, merge with Shinsegi Telecom, Inc. and SK IMT Co, Ltd., increase shareholder value and to stabilize its stock prices when needed.

In addition, the Company acquired 1,250,000 shares of treasury stock for ₩210,356 million from July 26, 2010 to October 20, 2010 and 1,400,000 shares of treasury stock for ₩208,012 million from July 21, 2011 to September 28, 2011, in accordance with the resolution of the Board of Directors on July 22, 2010 and July 19, 2011, respectively.

As a result of these treasury stock transactions, as of March 31, 2013 and December 31, 2012, the Company has 11,050,712 shares of treasury stock at ₩2,410,451 million.

Table of Contents**19. Retained Earnings**

(1) Retained earnings as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | December 31, 2012 |
|---|---------------------------|------------------------------|
| Appropriated: | | |
| Legal reserve | 22,320 | 22,320 |
| Reserve for research & manpower development | 155,766 | 220,000 |
| Reserve for business expansion | 9,376,138 | 9,106,138 |
| Reserve for technology development | 2,271,300 | 1,901,300 |
| | 11,825,524 | 11,249,758 |
| Unappropriated | 302,848 | 1,164,223 |
| | 12,128,372 | 12,413,981 |

(2) Legal reserve

The Korean Commercial Code requires the Company to appropriate as a legal reserve at least 10% of cash dividends paid for each accounting period until the reserve equals 50% of outstanding share capital. 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 share capital.

(3) Reserve for research & manpower development

The reserve for research and manpower development was 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 and retained earnings in accordance with the relevant tax laws. Such reversal will be included in taxable income in the year of reversal.

Table of Contents**20. Reserves**

(1) Details of reserves, net of taxes, as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | December 31, 2012 |
|--|---------------------------|------------------------------|
| Unrealized fair value of available-for-sale financial assets | 187,094 | 206,414 |
| Unrealized fair value of derivatives | (59,277) | (51,826) |
| | 127,817 | 154,588 |

(2) Changes in reserves for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)

| | For the three-month period ended March 31, 2013 | | |
|----------------------------|---|---|--------------|
| | Net change in unrealized fair value of available-for-sale financial assets | Net change in unrealized fair value of derivatives | Total |
| Balance at January 1, 2013 | 206,414 | (51,826) | 154,588 |
| Changes | (25,488) | (9,829) | (35,317) |
| Tax effect | 6,168 | 2,378 | 8,546 |
| Balance at March 31, 2013 | 187,094 | (59,277) | 127,817 |

(In millions of won)

| | For the three-month period ended March 31, 2012 | | |
|----------------------------|---|---|--------------|
| | Net change in unrealized fair value of available-for-sale financial assets | Net change in unrealized fair value of derivatives | Total |
| Balance at January 1, 2012 | 352,616 | (32,122) | 320,494 |
| Changes | (15,433) | (18,896) | (34,329) |
| Tax effect | 3,735 | 4,572 | 8,307 |
| Balance at March 31, 2012 | 340,918 | (46,446) | 294,472 |

Table of Contents**21. Other Operating Expenses**

Details of other operating expenses for the three-month periods ended March 31, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month period ended | |
|---|---|---------------------------|
| | March 31, 2013 | March 31, 2012 |
| Other Operating Expenses: | | |
| Communication expenses | 12,737 | 16,171 |
| Utilities | 39,590 | 32,000 |
| Taxes and dues | 4,307 | 27,410 |
| Repair | 38,052 | 39,237 |
| Research and development | 52,699 | 43,745 |
| Training | 4,602 | 4,759 |
| Bad debt for accounts receivables - trade | 5,175 | 290 |
| Reversal of allowance for doubtful accounts | | (4,301) |
| Other | 8,898 | 11,200 |
| | 166,060 | 170,511 |

22. Other Non-operating Income and Expenses

Details of other non-operating income and expenses for the three-month periods ended March 31, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month period ended | |
|--|---|---------------------------|
| | March 31, 2013 | March 31, 2012 |
| Other Non-operating Income: | | |
| Gain on disposal of property and equipment and intangible assets | 348 | 231 |
| Others | 6,625 | 4,475 |
| | 6,973 | 4,706 |
| Other Non-operating Expenses: | | |
| Loss on disposal of property and equipment and intangible assets | 4,540 | 762 |
| Donations | 11,863 | 12,270 |
| Bad debt for accounts receivable - other | 10,352 | 15,959 |
| Others | 3,816 | 678 |
| | 30,571 | 29,669 |

Table of Contents**23. Finance Income and Costs**

(1) Details of finance income and costs for the three-month periods ended March 31, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month period ended | |
|--|---|---------------------------|
| | March 31, 2013 | March 31, 2012 |
| Finance Income: | | |
| Interest income | 8,432 | 20,991 |
| Dividends | 12,577 | 25,167 |
| Gain on foreign currency transactions | 2,130 | 1,150 |
| Gain on foreign currency translation | 592 | 43 |
| Gain on valuation of financial assets at fair value through profit or loss | 938 | |
| Gain on disposal of long-term investment securities | 922 | 470 |
| Gain on settlement of derivatives | 2,274 | 4,292 |
| | 27,865 | 52,113 |

| <i>(In millions of won)</i> | For the three-month period ended | |
|---|---|---------------------------|
| | March 31, 2013 | March 31, 2012 |
| Finance Costs: | | |
| Interest expense | 73,551 | 71,002 |
| Loss on foreign currency transactions | 2,581 | 1,375 |
| Loss on foreign currency translation | 1,111 | 110 |
| Loss on disposal of long-term investment securities | 72 | 7,505 |
| Loss on valuation of financial assets at fair value through profit or loss | | 640 |
| Loss on valuation of financial liabilities at fair value through profit or loss | 38,087 | 3,733 |
| | 115,402 | 84,365 |

(2) Details of interest income included in finance income for the three-month periods ended March 31, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month period ended | |
|---|---|---------------------------|
| | March 31, 2013 | March 31, 2012 |
| Interest income on cash equivalents and deposits | 4,880 | 12,425 |
| Interest income on installment receivables and others | 3,552 | 8,566 |
| | 8,432 | 20,991 |

Table of Contents**23. Finance Income and Costs, Continued**

(3) Details of interest expense included in finance costs for the three-month periods ended March 31, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month period ended | |
|--|---|---------------------------|
| | March 31, 2013 | March 31, 2012 |
| Interest expense on bank overdrafts and borrowings | 12,182 | 3,465 |
| Interest expense on debentures | 50,587 | 40,902 |
| Others | 10,782 | 26,635 |
| | 73,551 | 71,002 |

(4) Details of impairment losses for financial assets for the three-month periods ended March 31, 2013 and 2012 are as follows.

| <i>(In millions of won)</i> | For the three-month period ended | |
|--|---|---------------------------|
| | March 31, 2013 | March 31, 2012 |
| Bad debt for accounts receivable - trade | 5,175 | 290 |
| Bad debt for accounts receivable - other | 10,352 | 15,959 |
| | 15,527 | 16,249 |

24. Income Tax Expense

Income tax expense was recognized as current tax expense adjusted to changes in estimates related to prior periods, deferred tax expenses by origination and reversal of temporary differences, and income tax recognized in other comprehensive income.

25. Earnings per Share

(1) Basic earnings per share

1) Basic earnings per share for the three-month periods ended March 31, 2013 and 2012 are calculated as follows:

| <i>(In millions of won, shares)</i> | For the three-month period ended | |
|--|---|---------------------------|
| | March 31, 2013 | March 31, 2012 |
| Profit for the period | 302,177 | 344,972 |
| Weighted average number of common shares outstanding | 69,694,999 | 69,694,999 |
| Basic earnings per share (In won) | 4,336 | 4,950 |

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- 2) The weighted average number of common shares outstanding for the three-month periods ended March 31, 2013 and 2012 are calculated as follows:

| | Number of shares | Weighted number of days | Weighted number of shares |
|--|-----------------------------|------------------------------------|--------------------------------------|
| Outstanding common shares at January 1, 2013 | 80,745,711 | 90/90 | 80,745,711 |
| Effect of treasury stock | (11,050,712) | 90/90 | (11,050,712) |
| Number of shares at March 31, 2013 | 69,694,999 | | 69,694,999 |

Table of Contents**25. Earnings per Share, Continued**

| | Number of shares | Weighted number of days | Weighted number of shares |
|--|---------------------|----------------------------|------------------------------|
| Outstanding common shares at January 1, 2012 | 80,745,711 | 91/91 | 80,745,711 |
| Effect of treasury stock | (11,050,712) | 91/91 | (11,050,712) |
| Number of shares at March 31, 2012 | 69,694,999 | | 69,694,999 |

(2) Diluted earnings per share

- 1) Diluted earnings per share for the three-month periods ended March 31, 2013 and 2012 are calculated as follows:

| <i>(In millions of won, shares)</i> | For the three-month period ended | |
|--|---|---------------------------|
| | March 31, 2013(*) | March 31, 2012 |
| Diluted profit for the period | 302,177 | 349,034 |
| Diluted weighted average number of common shares outstanding | 69,694,999 | 72,003,405 |
| Diluted earnings per share (In won) | 4,336 | 4,847 |

- (*) The number of common shares outstanding in respect of the exchangeable common shares of exchangeable bonds is excluded from the diluted earnings per share calculation for the three-month period ended March 31, 2013 as the effect of exchangeable bond is nil (diluted shares of 2,421,077); thus, diluted earnings per share for the three-month period ended March 31, 2013 is the same as basic earnings per share.

- 2) Diluted profit for the three-month periods ended March 31, 2013 and 2012 are calculated as follows:

| <i>(In millions of won)</i> | For the three-month period ended | |
|-------------------------------|---|---------------------------|
| | March 31, 2013 | March 31, 2012 |
| Profit for the period | 302,177 | 344,972 |
| Effect of exchangeable bonds | | 4,062 |
| Diluted profit for the period | 302,177 | 349,034 |

- 3) Adjusted weighted average number of common shares outstanding for the three-month periods ended March 31, 2013 and 2012 are calculated as follows:

| <i>(In shares)</i> | For the three-month period ended | |
|--------------------|---|---------------------------|
| | March 31, 2013 | March 31, 2012 |

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| | | |
|---|------------|------------|
| Weighted average number of common shares outstanding | 69,694,999 | 69,694,999 |
| Effect of exchangeable bonds(*) | | 2,308,406 |
| Adjusted weighted average number of common shares outstanding | 69,694,999 | 72,003,405 |

(*) Effect of exchangeable bonds represents weighted average number of common shares outstanding in respect of the exchangeable common shares of exchangeable bonds, which could be exchanged to treasury stock.

Table of Contents**26. Categories of Financial Instruments**

(1) Financial assets by categories as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | | | | |
|-------------------------------------|---|-------------------------------------|-----------------------|--|-----------|
| | Financial assets at fair value through profit or loss | Available-for-sale financial assets | Loans and receivables | Derivative financial instruments designated as hedged item | Total |
| Cash and cash equivalents | | | 465,783 | | 465,783 |
| Financial instruments | | | 135,569 | | 135,569 |
| Short-term investment securities | | 76,504 | | | 76,504 |
| Long-term investment securities(*1) | 16,294 | 684,088 | | | 700,382 |
| Accounts receivable - trade | | | 1,416,415 | | 1,416,415 |
| Loans and other receivables(*2) | | | 731,428 | | 731,428 |
| Derivative financial assets | | | | 97,050 | 97,050 |
| | 16,294 | 760,592 | 2,749,195 | 97,050 | 3,623,131 |

(In millions of won)

| | December 31, 2012 | | | | |
|-------------------------------------|---|-------------------------------------|-----------------------|--|-----------|
| | Financial assets at fair value through profit or loss | Available-for-sale financial assets | Loans and receivables | Derivative financial instruments designated as hedged item | Total |
| Cash and cash equivalents | | | 256,577 | | 256,577 |
| Financial instruments | | | 179,369 | | 179,369 |
| Short-term investment securities | | 56,401 | | | 56,401 |
| Long-term investment securities(*1) | 15,356 | 718,537 | | | 733,893 |
| Accounts receivable - trade | | | 1,407,206 | | 1,407,206 |
| Loans and other receivables(*2) | | | 661,689 | | 661,689 |
| Derivative financial assets | | | | 61,959 | 61,959 |
| | 15,356 | 774,938 | 2,504,841 | 61,959 | 3,357,094 |

(*1) Long-term investment securities of which the embedded derivative (conversion right option), which should be separated from the main contract, could not be separately measured, were designated as financial assets at fair value through profit or loss.

Table of Contents**26. Categories of Financial Instruments, Continued**

(*2) Details of loans and other receivables as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | December 31, 2012 |
|-----------------------------|-------------------|----------------------|
| Short-term loans | 84,714 | 75,449 |
| Accounts receivable - other | 454,931 | 383,048 |
| Accrued income | 5,375 | 4,147 |
| Long-term loans | 43,273 | 49,672 |
| Guarantee deposits | 143,135 | 149,373 |
| | 731,428 | 661,689 |

(2) Financial liabilities by categories as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | | | Total |
|--|--|--|--|-----------|
| | Financial liabilities at fair value through profit or loss | Financial liabilities measured at amortized cost | Derivative financial instruments designated as hedged item | |
| Derivative financial liabilities | | | 28,802 | 28,802 |
| Borrowings | | 151,210 | | 151,210 |
| Debentures (*1) | 443,765 | 4,769,206 | | 5,212,971 |
| Accounts payable - other and others (*2) | | 3,403,544 | | 3,403,544 |
| | 443,765 | 8,323,960 | 28,802 | 8,796,527 |

(In millions of won)

| | December 31, 2012 | | | Total |
|---|--|--|--|-----------|
| | Financial liabilities at fair value through profit or loss | Financial liabilities measured at amortized cost | Derivative financial instruments designated as hedged item | |
| Derivative financial liabilities | | | 63,599 | 63,599 |
| Borrowings | | 785,443 | | 785,443 |
| Debentures(*1) | 405,678 | 4,034,429 | | 4,440,107 |
| Accounts payable - other and others(*2) | | 3,073,290 | | 3,073,290 |
| | 405,678 | 7,893,162 | 63,599 | 8,362,439 |

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(*1) Debentures of which the embedded derivative (conversion right option), which should be separated from the main contract, could not be separately measured, were designated as financial liabilities at fair value through profit or loss.

Table of Contents**26. Categories of Financial Instruments, Continued**

(*2) Details of accounts payable and other payables as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | December 31, 2012 |
|---|---------------------------|------------------------------|
| Accounts payable - other | 1,932,347 | 1,509,456 |
| Withholdings | 6 | 18 |
| Accrued expenses | 663,396 | 600,101 |
| Current portion of long-term payables - other | 150,654 | 157,965 |
| Long-term payables - other | 555,416 | 705,605 |
| Other non-current liabilities | 101,725 | 100,145 |
| | 3,403,544 | 3,073,290 |

27. Financial Risk Management**(1) Financial risk management**

The Company is exposed to credit risk, liquidity risk and market risk. Market risk is the risk related to the changes in market prices, such as foreign exchange rates, interest rates and equity prices. The Company implements a risk management system to monitor and manage these specific risks.

The Company's financial assets under financial risk management consist of cash and cash equivalents, financial instruments, available-for-sale financial assets, trade and other receivables. Financial liabilities consist of trade and other payables, borrowings, and debentures.

1) Market risk**(i) Currency risk**

The Company is exposed to currency risk mainly on exchange fluctuations on recognized assets and liabilities. The Company manages currency risk by currency forward, etc. if needed to hedge currency risk on business transactions. Currency risk occurs on forecasted transaction and recognized assets and liabilities which are denominated in a currency other than the functional currency of the Company.

Table of Contents**27. Financial Risk Management, Continued**

(1) Financial risk management, Continued

Monetary foreign currency assets and liabilities as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won, thousands of U.S. dollars, thousands of Euros, thousands of Japanese Yen, thousands of other currencies)

| | Assets | | Liabilities | |
|--------|--------------------|-----------------------|--------------------|-----------------------|
| | Foreign currencies | Korean won equivalent | Foreign currencies | Korean won equivalent |
| USD | 21,107 | 23,473 | 2,098,650 | 2,333,908 |
| EUR | 37,062 | 52,822 | 14,879 | 21,205 |
| JPY | 98,757 | 1,165 | | |
| CHF | | | 298,236 | 349,234 |
| SGD | | | 64,663 | 57,956 |
| AUD | | | 297,700 | 344,764 |
| Others | 81 | 78 | 70 | 115 |
| | | 77,538 | | 3,107,182 |

In addition, the Company has entered into cross currency swaps to hedge against currency risk related to foreign currency borrowings and debentures. (Refer to Note 16)

As of March 31, 2013, effects on income (loss) before income tax as a result of change in exchange rate by 10% are as follows:

(In millions of won)

| | If increased by 10% | If decreased by 10% |
|--------|---------------------|---------------------|
| USD | (38,386) | 38,386 |
| EUR | 3,162 | (3,162) |
| JPY | 116 | (116) |
| Others | (4) | 4 |
| | (35,112) | 35,112 |

(ii) Equity price risk

The Company has equity securities which include listed and non-listed securities for its liquidity and operating purpose. As of March 31, 2013, available-for-sale equity instruments measured at fair value amounts to 696,754 million.

(iii) Interest rate risk

Since the Company's interest bearing assets are mostly fixed-interest bearing assets, as such, the Company's revenue and operating cash flow are not influenced by the changes in market interest rates. However, the Company still has interest rate risk arising from borrowings and debentures.

Accordingly, the Company performs various analysis of interest rate risk, which includes refinancing, renewal, alternative financing and hedging instrument option, to reduce interest rate risk and to optimize its financing.

Table of Contents**27. Financial Risk Management, Continued**

(1) Financial risk management, Continued

The Company's interest rate risk arises from floating-rate borrowings and payables. As of March 31, 2013, floating-rate debentures and borrowings amount to 669,913 million and 111,210 million, respectively, and the Company has entered into interest rate swaps to hedge interest rate risk related to floating-rate borrowings and debentures (Refer to Note 16). If interest rate only increases (decreases) by 1%, income before income taxes for the year ended March 31, 2013 would not have been changed due to the interest expense from floating-rate borrowings and debentures.

2) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet his/her contractual obligations. The maximum credit exposure as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | December 31, 2012 |
|---|---------------------------|------------------------------|
| Cash and cash equivalents | 465,783 | 256,577 |
| Financial instruments | 135,569 | 179,369 |
| Available-for-sale financial assets | 760,592 | 774,938 |
| Accounts receivable - trade | 1,416,415 | 1,407,206 |
| Loans and receivables | 731,428 | 661,689 |
| Derivative financial assets | 97,050 | 61,959 |
| Financial assets at fair value through profit or loss | 16,294 | 15,356 |
| | 3,623,131 | 3,357,094 |

To manage credit risk, the Company evaluates the credit worthiness of each customer or counterparty considering the party's financial information, its own trading records and other factors; based on such information, the Company establishes credit limits for each customer or counterparty.

For the three-month period ended March 31, 2013, the Company has no trade and other receivables or loans which have indications of significant impairment loss or are overdue for a prolonged period. As a result, the Company believes that the possibility of default is remote. Also, the Company's credit risk can rise due to transactions with financial institutions related to its cash and cash equivalents, financial instruments and derivatives. To minimize such risk, the Company has a policy to deal with high credit worthy financial institutions. The amount of maximum exposure to credit risk of the Company is the carrying amount of financial assets as of March 31, 2013.

In addition, the aging of trade and other receivables that are overdue at the end of the reporting period but not impaired is stated in Note 5 and the analysis of financial assets that are individually determined to be impaired at the end of the reporting period is stated in Note 23.

Table of Contents**27. Financial Risk Management, Continued**

(1) Financial risk management, Continued

3) Liquidity risk

The Company's approach to managing liquidity is to ensure that it will always maintain sufficient cash equivalents balance and have enough liquidity through various committed credit lines. The Company maintains flexibly enough liquidity under credit lines through active operating activities.

Contractual maturities of financial liabilities as of March 31, 2013 are as follows:

(In millions of won)

| | Carrying amount | Contractual cash flows | Less than 1 year | 1 - 5 years | More than 5 years |
|--|-----------------|------------------------|------------------|-------------|-------------------|
| Derivative financial liabilities | 28,802 | 26,944 | 17,985 | 38,817 | (29,858) |
| Borrowings | 151,210 | 152,425 | 152,425 | | |
| Debentures (*1) | 5,212,971 | 6,354,294 | 636,784 | 3,170,217 | 2,547,293 |
| Accounts payable - other and others (*2) | 3,403,544 | 3,512,523 | 2,747,910 | 527,317 | 237,296 |
| | 8,796,527 | 10,046,186 | 3,555,104 | 3,736,351 | 2,754,731 |

The Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at different amounts.

(*1) Includes estimated interest to be paid and excludes discounts on bonds.

(*2) Excludes discounts on accounts payable-other and others.

(2) Capital management

The Company manages its capital to ensure that it will be able to continue as a business while maximizing the return to shareholders through the optimization of its debt and equity balance. The overall strategy of the Company is the same as that of the Company as of and for the year ended December 31, 2012.

The Company monitors its debt-equity ratio as a capital management indicator. This ratio is calculated as total debt divided by total equity; the total debt and equity is extracted from the financial statements.

Debt-equity ratio as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | March 31, 2013 | December 31, 2012 |
|-------------------|----------------|-------------------|
| Liability | 10,326,873 | 9,872,454 |
| Equity | 12,064,668 | 12,377,048 |
| Debt-equity ratio | 85.60% | 79.76% |

Table of Contents**27. Financial Risk Management, Continued**

(3) Fair value

Fair value of the financial instruments that are traded in an active market is measured based on the quoted market price at the end of the reporting date. Disclosed market price of the financial assets held by the Company is the bid price.

Fair value of the financial instruments that are not traded in an active market is determined using the valuation method. The Company uses the various valuation methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. Fair value of financial instruments such as long-term liabilities is measured using the various methods including estimated discounted cash flow method.

Fair values of accounts receivable - trade, and accounts payable - trade are considered to be carrying amount less impairment and fair value of financial liabilities for the disclosure purpose is estimated by discounting contractual future cash flows using the current market interest rate used for the similar financial instruments by the Company.

Interest rates used by the Company for the fair value measurement as of March 31, 2013 are as follows:

| | Interest rate |
|---------------------------|---------------|
| Derivative instruments | 2.55~4.26% |
| Borrowings and Debentures | 2.82% |

1) Fair value and carrying amount

Carrying amount and fair value of financial assets and liabilities are as follows:

(In millions of won)

| | March 31, 2013 | | December 31, 2012 | |
|---|-----------------|------------|-------------------|------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Assets carried at fair value | | | | |
| Financial assets at fair value through profit or loss | 16,294 | 16,294 | 15,356 | 15,356 |
| Derivative financial assets | 97,050 | 97,050 | 61,959 | 61,959 |
| Available-for-sale financial assets | 696,754 | 696,754 | 730,754 | 730,754 |
| | 810,098 | 810,098 | 808,069 | 808,069 |
| Assets carried at amortized cost | | | | |
| Cash and cash equivalents | 465,783 | 465,783 | 256,577 | 256,577 |
| Available-for-sale financial assets | 63,838 | 63,838 | 44,184 | 44,184 |
| Accounts receivable - trade and others | 2,147,843 | 2,147,843 | 2,068,895 | 2,068,895 |
| Financial instruments | 135,569 | 135,569 | 179,369 | 179,369 |
| | 2,813,033 | 2,813,033 | 2,549,025 | 2,549,025 |

Table of Contents**27. Financial Risk Management, Continued**

(3) Fair value, Continued

(In millions of won)

| | March 31, 2013 | | December 31, 2012 | |
|--|-----------------|------------|-------------------|------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Liabilities carried at fair value | | | | |
| Financial liabilities at fair value through profit or loss | 443,765 | 443,765 | 405,678 | 405,678 |
| Derivative financial liabilities | 28,802 | 28,802 | 63,599 | 63,599 |
| | 472,567 | 472,567 | 469,277 | 469,277 |
| Liabilities carried at amortized cost | | | | |
| Borrowings | 151,210 | 151,480 | 785,443 | 798,908 |
| Debentures | 4,769,206 | 5,097,674 | 4,034,429 | 4,224,907 |
| Accounts payable - other and others | 3,403,544 | 3,403,544 | 3,073,290 | 3,073,290 |
| | 8,323,960 | 8,652,698 | 7,893,162 | 8,097,105 |

2) Fair value hierarchy

The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The table below analyzes financial instruments carried at fair value, by fair value hierarchy as of March 31, 2013.

(In millions of won)

| | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|---------|---------|
| Financial assets at fair value through profit or loss | | 16,294 | | 16,294 |
| Derivative financial assets | | 97,050 | | 97,050 |
| Available-for-sale financial assets | 560,957 | 46,262 | 89,535 | 696,754 |
| Financial liabilities at fair value through profit or loss | 443,765 | | | 443,765 |
| Derivative financial liabilities | | 28,802 | | 28,802 |

There have been no transfers from Level 2 to Level 1 in March 31, 2013 and changes of financial assets classified as Level 3 for the three-month period ended March 31, 2013 are as follows:

(In millions of won)

Disposal

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| | Balance at Jan. 1 | Other comprehensive loss | | Balance at Mar. 31 |
|-------------------------------------|------------------------------|---|---------|-------------------------------|
| Available-for-sale financial assets | 100,566 | (2,519) | (8,512) | 89,535 |

Table of Contents**28. Transactions with Related Parties**

(1) As of March 31, 2013, the parent company and subsidiaries of the Company are as follows:

| Type | Company | Ownership percentage (%) | Types of business |
|--------------------------------------|--|--------------------------------------|--|
| Ultimate Controlling Entity(*1) | SK Holdings Co., Ltd. | 25.2 (*2) | Holding company |
| Subsidiaries | SK Telink Co., Ltd. | 83.5 | Telecommunication service |
| | M&Service Co., Ltd.(*3,4) | 100.0 | Data base and internet website service |
| | SK Communications Co., Ltd. | 64.6 (*4) | Internet website services |
| | PAXNet Co., Ltd.(*5) | | Internet website services |
| | Loen Entertainment, Inc. | 67.6 (*4) | Release of music disc |
| | Stonebridge Cinema Fund | 57.0 | Investment association |
| | Commerce Planet Co., Ltd. | 100.0 (*4) | Online shopping mall operation agency |
| | SK Broadband Co., Ltd. | 50.6 | Telecommunication services |
| | Broadband Media Co., Ltd.(*6) | | Multimedia TV portal service |
| | K-net Culture and Contents Venture Fund | 59.0 (*4) | Investment association |
| | Fitech Focus Limited Partnership II | 66.7 (*4) | Investment association |
| | Open Innovation Fund | 98.9 (*4) | Investment association |
| | PS&Marketing Corporation | 100.0 | Communications device retail business |
| | Service Ace Co., Ltd. | 100.0 | Customer center management service |
| | Service Top Co., Ltd. | 100.0 | Customer center management service |
| | Network O&S Co., Ltd. | 100.0 | Base station maintenance service |
| | BNCP Co., Ltd. | 100.0 (*4) | Internet website services |
| | SK Planet Co., Ltd. | 100.0 | Telecommunication services |
| | Madsmart, Inc. | 100.0(*4) | Application software production |
| | SK Telecom China Holdings Co., Ltd. | 100.0 | Investment association |
| | SKY Property Mgmt. Ltd.(*5) | | Investment association |
| | Shenzhen E-eye High Tech Co., Ltd. | 65.5 (*4) | Manufacturing |
| | SK Global Healthcare Business Group., Ltd. | 100.0 | Investment |
| | SK China Real Estate Co., Ltd.(*5) | | Investment association |
| | SK Planet Japan | 100.0(*4) | Digital contents sourcing service |
| | SKT Vietnam PTE. Ltd. | 73.3 | Telecommunication service |
| | SK Planet Global PTE. Ltd. | 100.0(*4) | Digital contents sourcing service |
| SKT Americas, Inc. | 100.0 | Information gathering and consulting | |
| SKP America LLC. | 100.0(*4) | Digital contents sourcing service | |
| YTK Investment Ltd. | 100.0 | Investment association | |
| Atlas Investment | 100.0 | Investment association | |
| Technology Innovation Partners, L.P. | 100.0 (*4) | Investment association | |
| SK Telecom China Fund I L.P. | 100.0 (*4) | Investment association | |

Table of Contents**28. Transactions with Related Parties, Continued**

- (*1) SK Holdings Co., Ltd. is the Ultimate Controlling Entity because of its de facto control over the Company.
 (*2) The ownership percentage represents parent company's ownership over the Company.
 (*3) Newly included as subsidiaries during the three-month period ended March 31, 2013.
 (*4) The ownership percentage represents subsidiaries' ownership over their subsidiaries, in which the Company has no direct investment.
 (*5) Excluded as the ownership interests have been disposed for the three-month period ended March 31, 2013.
 (*6) Merged into SK Broadband Co., Ltd. for the three-month period ended March 31, 2013.

(2) Transactions

(In millions of won)

| | Operating revenue and others | | Operating expense and others | |
|----------------|---|---|---|---|
| | Three-month period ended March 31, 2013 | Three-month period ended March 31, 2012 | Three-month period ended March 31, 2013 | Three-month period ended March 31, 2012 |
| Parent Company | 195 | 99 | 177,939 | 6,230 |
| Subsidiaries | 40,759 | 60,122 | 486,035 | 386,300 |
| Associates | 3,399 | 50,018 | 17,077 | 127,320 |
| Others | 18,717 | 10,040 | 137,390 | 264,508 |
| | 63,070 | 120,279 | 818,441 | 784,358 |

Operating revenue include commission received in relation to the interconnection charges and satellite lease. Operating expense include commission paid in relation to the service provided by related parties.

(3) Account balances

(In millions of won)

| | Accounts receivable and others | | Accounts payable and others | |
|----------------|--------------------------------|-------------------|-----------------------------|-------------------|
| | March 31, 2013 | December 31, 2012 | March 31, 2013 | December 31, 2012 |
| Parent Company | 185 | 222 | 171,261 | |
| Subsidiaries | 19,107 | 17,329 | 197,757 | 385,818 |
| Associates | 63,717 | 63,606 | 5,776 | 73,637 |
| Others | 9,722 | 15,122 | 94,209 | 189,659 |
| | 92,731 | 96,279 | 469,003 | 649,114 |

Table of Contents**28. Transactions with Related Parties, Continued**

(4) Compensation for the key management

The Company considers registered directors who have substantial role and responsibility in planning, operating, and controlling of the business as key management. Compensations given to key management for the three-month periods ended March 31, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month period ended | |
|-----------------------------------|---|---------------------------|
| | March 31, 2013 | March 31, 2012 |
| Salaries | 1,253 | 7,991 |
| Provision for retirement benefits | 721 | 565 |
| | 1,974 | 8,556 |

29. Commitments and Contingencies

As of March 31, 2013, the Company has participated in Tactical Airship program of the Defense Acquisition Program Administration with Joint Defense Corporation. For an advance receipt amounting to USD 3,897,196 which Joint Defense Corporation received from the Defense Acquisition Program Administration, the Company provides payment guarantees to the Defense Acquisition Program Administration.

30. Sale and Leaseback

For the year ended December 31, 2012, the Company disposed a portion of its property and equipment and investment property, and entered into lease agreements with respect to those assets. This sale and leaseback transaction is considered as an operating lease.

For the three-month period ended March 31, 2013, the Company recognized lease payment of 4,144 million relating to the above operating lease agreement and lease revenue of 2,116 million through a sublease agreement. Future lease payments and lease revenue from the above operating lease agreement and sublease agreement are as follows:

| <i>(In millions of won)</i> | Lease payments | Lease revenue |
|-----------------------------|-----------------------|----------------------|
| Less than 1 year | 16,698 | 8,462 |
| 1~5 years | 71,089 | 33,196 |
| More than 5 years | 79,674 | 27,791 |
| | 167,461 | 69,449 |

Table of Contents**31. Statements of Cash Flows**

- (1) Adjustments for income and expenses from operating activities for the three-month periods ended March 31, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month period ended | |
|---|---|---------------------------|
| | March 31, 2013 | March 31, 2012 |
| Interest income | (8,432) | (20,991) |
| Dividends | (12,577) | (25,167) |
| Gain on foreign currency translation | (592) | (43) |
| Gain on valuation of financial assets at fair value through profit or loss | (938) | |
| Gain on disposal of long-term investment securities | (922) | (470) |
| Gain on settlement of derivatives | (2,274) | (4,292) |
| Gain on disposal of investments in subsidiaries and associates | (71,200) | (80,483) |
| Gain on disposal of property and equipment and intangible assets | (348) | (231) |
| Reversal of allowance for doubtful accounts | | (4,301) |
| Other income | (1,067) | (2,131) |
| Interest expenses | 73,551 | 71,002 |
| Loss on foreign currency translation | 1,111 | 110 |
| Loss on disposal of long-term investment securities | 72 | 7,505 |
| Loss on valuation of financial assets at fair value through profit or loss | | 640 |
| Loss on valuation of financial liabilities at fair value through profit or loss | 38,087 | 3,733 |
| Impairment loss on investment in associates | | 72,096 |
| Income tax expense | 77,999 | 88,865 |
| Provision for retirement benefits | 8,587 | 7,646 |
| Depreciation and amortization | 503,601 | 427,136 |
| Bad debt for accounts receivable - trade | 5,175 | 290 |
| Loss on disposal of property and equipment and intangible assets | 4,539 | 762 |
| Bad debt for accounts receivable - other | 10,352 | 15,959 |
| Other expenses | 763 | |
| | 625,487 | 557,635 |

Table of Contents**31. Statements of Cash Flows, Continued**

(2) Changes in assets and liabilities from operating activities for the three-month periods ended March 31, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month period ended | |
|--|---|---------------------------|
| | March 31, 2013 | March 31, 2012 |
| Accounts receivable - trade | (15,094) | (1,727) |
| Accounts receivable - other | (61,923) | 250,337 |
| Advance payments | (36,050) | (9,574) |
| Prepaid expenses | 8,372 | 12,268 |
| Inventories | 5,512 | 5,158 |
| Long-term accounts receivables - other | | 2,556 |
| Guarantee deposits | 7,859 | 14,247 |
| Accounts payable - other | (43,838) | (227,014) |
| Advanced receipts | 2,355 | (709) |
| Withholdings | 107,316 | 108,020 |
| Deposits received | 1,295 | (1,637) |
| Accrued expenses | 71,194 | 116,378 |
| Unearned revenue | (21,633) | (24,915) |
| Provisions | (79,988) | (28,651) |
| Long-term provisions | (30,059) | 5,037 |
| Plan assets | 2,338 | 1,184 |
| Retirement benefit payment | (8,003) | (9,530) |
| Others | 296 | (1) |
| | (90,051) | 211,427 |

(3) Significant non-cash transactions for the three-month periods ended March 31, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month period ended | |
|---|---|---------------------------|
| | March 31, 2013 | March 31, 2012 |
| Transfer of other property and equipment to construction in progress | 264,163 | 367,293 |
| Transfer of construction in progress to property and equipment | 316,508 | 570,779 |
| Accounts payable - other related to acquisition of tangible assets and others | (120,318) | 8,010 |

32. Subsequent Events

On April 23, 2013, the Company issued bonds of 230,000 million with fixed interest rate of 3.03% and 130,000 million with fixed interest rate of 3.22%. Maturities of those bonds are April 23, 2023 and April 23, 2033, respectively.

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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/ Soo Cheol Hwang
(Signature)

Name: Soo Cheol Hwang
Title: Senior Vice President

Date: June 14, 2013