SK TELECOM CO LTD
Form 6-K
February 25, 2013

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16 OF

THE SECURITIES EXCHANGE ACT OF 1934

FOR THE MONTH OF FEBRUARY 2013

SK Telecom Co., Ltd.

(Translation of registrant s name into English)

11, Euljiro2-ga, Jung-gu

Seoul 100-999, Korea

(Address of principal executive offices)

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

Form 20-F x 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 x

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

RESOLUTION TO CALL

THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Board of Directors of SK Telecom Co., Ltd. (the Company) has resolved to call the Annual General Meeting of Shareholders, to be held at the following time and place and the agenda of which shall be as follows:

1. Date / Time	March 22, 2013 10:00 AM (Local time)
2. Place	4th Floor, SK Telecom Boramae Building, 58 Boramae-Gil, Gwanak-gu, Seoul, Korea
3. Agenda	1. Approval of Financial Statements for the 29th Fiscal Year
	2. Amendment to the Articles of Incorporation
	3. Approval of the Appointment of Directors as set forth in Item 3 of the Company s agenda enclosed herewith
	3.1 Election of an Executive Director (Cho, DaeSik)
	3.2 Election of an Independent Non-Executive Director (Oh, DaeShick)
	4. Approval of the Appointment of a Member of the Audit Committee (Oh, DaeShick)
	5. Approval of Ceiling Amount of the Remuneration for Directors
4. Date of the resolution by the Board of Directors	February 21, 2013
- Attendance of external directors	Present 5 Absent 0
5. Other Noteworthy Matters	-

Documents relating to the Annual Meeting of Shareholders

1. Approval of Financial Statements for the 29th Fiscal Year

SK TELECOM CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2012

(In millions of won)		**December 31, 2012**	**December 31, 2011**
Assets			
Current Assets:			
Cash and cash equivalents	(Won)	920,125	1,650,794
Short-term financial instruments		514,417	979,564
Short-term investment securities		60,127	94,829
Accounts receivable - trade, net		1,954,920	1,823,170
Short-term loans, net		84,908	100,429
Accounts receivable - other, net		582,098	908,836
Prepaid expenses		102,572	118,200
Derivative financial assets		9,656	148,038
Inventories, net		242,146	219,590
Non-current assets held for sale		775,556	
Advanced payments and other		47,896	74,029
Total Current Assets		**5,294,421**	**6,117,479**
Non-Current Assets:			
Long-term financial instruments		144	7,628
Long-term investment securities		953,713	1,537,945
Investments in associates		4,632,477	1,384,605
Property and equipment, net		9,712,719	9,030,998
Investment property		27,479	271,086
Goodwill		1,744,483	1,749,933
Intangible assets		2,689,658	2,995,803
Long-term loans, net		69,299	95,565
Long-term accounts receivable - other			5,393
Long-term prepaid expenses		31,341	567,762
Guarantee deposits		236,242	245,218
Long-term derivative financial assets		52,992	105,915
Deferred tax assets		124,098	227,578
Other non-current assets		26,494	23,128
Total Non-Current Assets		**20,301,139**	**18,248,557**
Total Assets	(Won)	**25,595,560**	**24,366,036**

See accompanying notes to the consolidated financial statements.

(In millions of won)		December 31, 2012	December 31, 2011
Liabilities and Equity			
Current Liabilities:			
Short-term borrowings	(Won)	600,245	700,713
Current portion of long-term debt, net		892,867	1,662,841
Accounts payable - trade		253,884	195,391
Accounts payable - other		1,811,038	1,507,877
Withholdings		717,170	496,860
Accrued expenses		890,863	744,673
Income tax payable		60,253	293,725
Unearned revenue		258,692	290,791
Derivative financial liabilities			4,645
Provisions		287,307	657,198
Advanced receipts and other		108,272	118,876
Liabilities classified as held for sale		294,305	
Total Current Liabilities		**6,174,896**	**6,673,590**
Non-Current Liabilities:			
Debentures, net, excluding current portion		4,979,220	3,229,009
Long-term borrowings, excluding current portion		369,237	323,852
Long-term payables - other		715,508	847,496
Long-term unearned revenue		160,820	212,172
Finance lease liabilities		22,036	41,940
Defined benefit obligation		86,521	85,941
Long-term derivative financial liabilities		63,599	
Long-term provisions		106,561	142,361
Other non-current liabilities		62,379	76,966
Total Non-Current Liabilities		**6,565,881**	**4,959,737**
Total Liabilities		**12,740,777**	**11,633,327**
Equity			
Share capital		44,639	44,639
Capital deficit and other capital adjustments		(288,882)	(285,347)
Retained earnings		12,124,657	11,642,525
Reserves		(25,636)	260,064
Equity attributable to owners of the Parent Company		11,854,778	11,661,881
Non-controlling interests		1,000,005	1,070,828
Total Equity		**12,854,783**	**12,732,709**
Total Liabilities and Equity	(Won)	**25,595,560**	**24,366,036**

See accompanying notes to the consolidated financial statements.

(In millions of won except for per share data)	**2012**	**2011**
Continuing operations		
Operating revenue:		
Revenue	(Won) 16,300,479	15,926,468
Operating expense:		
Labor cost	1,283,305	1,173,247
Commissions paid	6,025,091	5,611,325
Depreciation and amortization	2,432,287	2,296,479
Network interconnection	1,057,145	1,264,109
Leased line	468,785	474,018
Advertising	400,076	374,269
Rent	424,476	401,706
Cost of products that have been resold	1,297,205	959,276
Other operating expenses	1,151,938	1,076,426
Sub-total	14,540,308	13,630,855
Operating income	**1,760,171**	**2,295,613**
Finance income	447,210	442,325
Finance costs	(638,297)	(343,776)
Gains (losses) related to investments in subsidiaries associates, net	(24,279)	(47,149)
Other non-operating income	196,034	47,428
Other non-operating expenses	(189,952)	(153,752)
Income before income tax	(Won) **1,550,887**	**2,240,689**

See accompanying notes to the consolidated financial statements.

(In millions of won except for per share data)		**2012**	**2011**
Income tax expense from continuing operations	(Won)	295,887	608,955
Net income from continuing operations		**1,255,000**	**1,631,734**
Discontinued operation			
Income (loss) from discontinued operation, net of income taxes		(139,337)	(49,661)
Net income for the period	(Won)	**1,115,663**	**1,582,073**
Attributable to :			
Owners of the Parent Company	(Won)	1,151,705	1,612,889
Non-controlling interests		(36,042)	(30,816)
Earnings per share			
Basic earnings per share	(Won)	16,525	22,848
Diluted earnings per share	(Won)	16,141	22,223
Earnings per share - Continuing operations			
Basic earnings per share	(Won)	18,246	23,544
Diluted earnings per share	(Won)	17,806	22,898

See accompanying notes to the consolidated financial statements.

(In millions of won)		**2012**	**2011**
Net income	(Won)	**1,115,663**	**1,582,073**
Other comprehensive income (loss)			
Net change in unrealized fair value of available-for-sale financial assets		(149,082)	(433,546)
Net change in other comprehensive income of investments in associates		(82,513)	(2,173)
Net change in unrealized fair value of derivatives		(23,361)	29,236
Foreign currency translation differences for foreign operations		(49,538)	40,673
Actuarial losses, net, on defined benefit obligations		(15,048)	(25,275)
		(319,542)	(391,085)
Total comprehensive income	(Won)	**796,121**	**1,190,988**
Total Comprehensive Income Attributable to:			
Owners of the Parent Company	(Won)	851,565	1,206,577
Non-controlling interests		(55,444)	(15,589)

See accompanying notes to the consolidated financial statements.

(In millions of won)

	Controlling interest						
	Share capital	**Capital deficit and other capital adjustments**	**Retained earnings**	**Reserves**	**Sub-total**	**Non-controlling interests**	**Total equity**
Balance, January 1, 2011	(Won) **44,639**	**(78,953)**	**10,721,249**	**643,056**	**11,329,991**	**1,078,008**	**12,407,999**
Cash dividends			(668,293)		(668,293)	(2,226)	(670,519)
Treasury stock		(208,012)			(208,012)		(208,012)
Total comprehensive income							
Net income (loss)			1,612,889		1,612,889	(30,816)	1,582,073
Other comprehensive income (loss)			(23,320)	(382,992)	(406,312)	15,227	(391,085)
Effect of change in income tax rate		(2,980)			(2,980)		(2,980)
Changes in subsidiaries		4,598			4,598	10,635	15,233
Balance, December 31, 2011	(Won) **44,639**	**(285,347)**	**11,642,525**	**260,064**	**11,661,881**	**1,070,828**	**12,732,709**
Balance, January 1, 2012	(Won) **44,639**	**(285,347)**	**11,642,525**	**260,064**	**11,661,881**	**1,070,828**	**12,732,709**
Cash dividends			(655,133)		(655,133)	(2,133)	(657,266)
Total comprehensive income							
Net income (loss)			1,151,705		1,151,705	(36,042)	1,115,663
Other comprehensive loss			(14,440)	(285,700)	(300,140)	(19,402)	(319,542)
Changes in subsidiaries		(3,535)			(3,535)	(13,246)	(16,781)
Balance, December 31, 2012	(Won) **44,639**	**(288,882)**	**12,124,657**	**(25,636)**	**11,854,778**	**1,000,005**	**12,854,783**

See accompanying notes to the consolidated financial statements.

(In millions of won)		**2012**	**2011**
Cash flows from operating activities:			
Cash generated from operating activities			
Net income for the period	(Won)	1,115,663	1,582,073
Adjustments for income and expenses		3,289,862	3,225,682
Changes in assets and liabilities related to operating activities		204,308	2,180,223
Sub-total		4,609,833	6,987,978
Interest received		88,711	156,745
Dividends received		27,732	34,521
Interest paid		(363,686)	(301,632)
Income tax paid		(362,926)	(571,217)
Net cash provided by operating activities		**3,999,664**	**6,306,395**
Cash flows from investing activities:			
Cash inflows from investing activities:			
Decrease in short-term financial instruments, net		464,531	
Decrease in short-term investment securities, net		65,000	125,000
Collection of short-term loans		282,658	194,561
Proceeds from disposal of long-term financial instruments		23	5
Proceeds from disposal of long-term investment securities		511,417	256,666
Proceeds from disposal of investments in associates		1,518	6,381
Proceeds from disposal of property and equipment		271,122	35,197
Proceeds from disposal of investment property		43,093	
Proceeds from disposal of intangible assets		21,048	3,833
Collection of long-term loans		11,525	33,824
Decrease of deposits		41,785	
Proceeds from disposal of other non-current assets		1,853	4,122
Proceeds from disposal of business		89,002	
Proceeds from disposal of a subsidiary		26,651	66,277
Sub-total		1,831,226	725,866
Cash outflows for investing activities:			
Increase in short-term financial instruments, net			(412,256)
Increase in short-term loans		(245,465)	(233,189)
Increase in long-term loans		(3,464)	(13,856)
Increase in long-term financial instruments		(16)	(7,516)
Acquisition of long-term investment securities		(92,929)	(323,246)
Acquisition of investments in associates		(3,098,833)	(239,975)
Acquisition of property and equipment		(3,394,349)	(2,960,556)
Acquisition of investment property		(129)	(86,285)
Acquisition of intangible assets		(146,249)	(598,437)
Increase in asset held for sale		(51,831)	
Increase in deposits		(43,534)	
Increase in other non-current assets		(8,619)	(3,071)
Acquisition of business, net of cash acquired		(43,389)	
Decrease in cash due to disposal		(12,004)	(82,533)
Cash outflows from transaction of derivatives			(4,007)
Sub-total		(7,140,811)	(4,964,927)
Net cash used in investing activities	(Won)	**(5,309,585)**	**(4,239,061)**

See accompanying notes to the consolidated financial statements.

(In millions of won)		**2012**	**2011**
Cash flows from financing activities:			
Cash inflows from financing activities:			
Proceeds from short-term borrowings	(Won)		174,222
Issuance of debentures		2,098,352	1,129,533
Proceeds from long-term borrowings		2,059,004	92,367
Cash inflows from settlement of derivatives		87,899	
Increase in cash from the consolidated capital transaction			5,769
Sub-total		4,245,255	1,401,891
Cash outflows for financing activities:			
Repayment of short-term borrowings		(61,401)	
Repayment of current portion of long-term debt		(102,672)	(224,581)
Repayment of debentures		(1,145,691)	(842,160)
Repayment of long-term borrowings		(1,660,510)	(512,377)
Cash outflows from transaction of derivatives		(5,415)	(25,783)
Payment of finance lease liabilities		(20,794)	
Payment of dividends		(655,133)	(668,293)
Acquisition of treasury stock			(208,012)
Decrease in cash from the consolidated capital transaction		(8,372)	
Sub-total		(3,659,988)	(2,481,206)
Net cash provided by (used in) financing activities		**585,267**	**(1,079,315)**
Net increase (decrease) in cash and cash equivalents		**(724,654)**	**988,019**
Cash and cash equivalents at beginning of the period		1,650,794	659,405
Effects of exchange rate changes on cash and cash equivalents		(6,015)	3,370
Cash and cash equivalents at end of the year	(Won)	**920,125**	**1,650,794**

See accompanying notes to the consolidated financial statements.

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 December 31, 2012, 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
Institutional investors and other minority stockholders	49,331,547	61.09
Treasury stock	11,050,712	13.69
Total number of shares	80,745,711	100.00

These consolidated 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 December 31, 2012 and 2011 is as follows:

			Ownership (%)	
Subsidiary	Location	Primary business	Dec. 31, 2012	Dec. 31, 2011
SK Telink Co., Ltd.	Korea	Telecommunication service	83.5	83.5
SK Communications Co., Ltd.	Korea	Internet website services	64.6	64.6
PAXNet Co., Ltd.	Korea	Internet website services	59.7	59.7
Loen Entertainment, Inc.	Korea	Release of music disc	67.6	67.6
Stonebridge Cinema Fund	Korea	Investment association	57.0	57.0
Ntreev Soft Co., Ltd.(*)	Korea	Game software production		63.7
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 D&M Co., Ltd.(*)	Korea	Base station maintenance service		100.0
Broadband Media Co., Ltd.	Korea	Multimedia TV portal services	100.0	100.0
Broadband CS Co., Ltd.(*)	Korea	Customer Q&A and services		100.0
K-net Culture and Contents Venture Fund	Korea	Investment association	59.0	59.0
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

1. Reporting Entity, Continued

(2) List of subsidiaries, Continued

Subsidiary	Location	Primary business	Ownership (%) Dec. 31, 2012	Ownership (%) Dec. 31, 2011
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
BNCP Co., Ltd.	Korea	Internet website services	100.0	100.0
Service-In Co., Ltd.(*)	Korea	Database & on-line information service		100.0
SK Planet Co., Ltd.	Korea	Telecommunication service and new media business	100.0	100.0
Madsmart, Inc.(*)	Korea	Application software production	100.0	
SK Telecom China Holdings Co., Ltd.	China	Investment association	100.0	100.0
SKY Property Mgmt. Ltd.	China	Real estate investment	60.0	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	
SK China Real Estate Co., Ltd.	Hong Kong	Real estate investment	99.4	99.4
SK Planet Japan(*)	Japan	Digital contents sourcing service	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	
SKT Americas, Inc.	USA	Information gathering and consulting	100.0	100.0
SKP America LLC.(*)	USA	Digital contents sourcing service	100.0	
YTK Investment Ltd.	Cayman	Investment association	100.0	100.0
Atlas Investment	Cayman	Investment association	100.0	100.0
Technology Innovation Partners, LP	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.

1. Reporting Entity, Continued

(3) Condensed financial information of subsidiaries

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	Net income (loss)
SK Telink Co., Ltd.	(Won) 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
Madsmart, Inc.(*1)	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.(*2)	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.(*1)	25,784		25,784		
SK Planet Japan(*1)	47	4	43		(63)
SKT Vietnam PTE. Ltd.	38,331	7,904	30,427	990	(8)
SK Planet Global PTE. Ltd.(*1)	636	130	506		(526)
SKT Americas, Inc.	36,378	784	35,594	10,712	(10,837)
SKP America LLC.(*1)	6,669	2,431	4,238	109	(3,301)
YTK Investment Ltd.	64,036		64,036		
Atlas Investment(*3)	51,065	205	50,860		(4,324)

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

(*2) 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.

(*3) 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.

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, 2011 is as follows:

(In millions of won)

Subsidiary	Total assets	Total liabilities	Total equity	Revenue	Net income (loss)
SK Telink Co., Ltd.	(Won) 420,829	228,687	192,142	416,545	35,269
SK Communications Co., Ltd.	319,948	84,282	235,666	260,573	(5,041)
PAXNet Co., Ltd.	33,949	11,461	22,488	32,770	(2,347)
Loen Entertainment, Inc.	157,104	48,386	108,718	167,176	21,398
Stonebridge Cinema Fund	18,506	196	18,310	3	1,069
Ntreev Soft Co., Ltd.	37,529	17,304	20,225	54,725	8,707
Commerce Planet Co., Ltd.	49,729	51,057	(1,328)	74,982	(556)
SK Broadband Co., Ltd.	3,318,699	1,945,825	1,372,874	2,285,845	19,272
Broadband D&M Co., Ltd.	11,872	7,399	4,473	46,418	(49)
Broadband media Co., Ltd.	89,915	356,816	(266,901)	64,867	(32,214)
Broadband CS Co., Ltd.	6,948	18,744	(11,796)	73,935	63
K-net Culture and Contents Venture Fund	48,057	16	48,041		(113)
Fitech Focus Limited Partnership II	21,663	285	21,378		(10,358)
Open Innovation Fund	44,716	432	44,284		(427)
PS&Marketing Corporation	289,062	143,883	145,179	1,078,668	(31,820)
Service Ace Co., Ltd.	43,447	21,669	21,778	129,350	1,365
Service Top Co., Ltd.	37,165	23,255	13,910	122,580	1,829
Network O&S Co., Ltd.	80,249	61,555	18,694	199,642	5,646
BNCP Co., Ltd.	28,631	11,397	17,234	17,846	1,877
Service-In Co., Ltd.	3,247	759	2,488	6,225	(12)
SK Planet Co., Ltd.	1,677,730	423,903	1,253,827	279,466	11,014
SK Telecom China Holdings Co., Ltd.	36,810	2,442	34,368	26,939	(232)
SKY Property Mgmt. Ltd.(*1)	820,639	317,038	503,601	51,204	6,386
Shenzhen E-eye High Tech Co., Ltd.	23,569	3,744	19,825	13,740	2,007
SKT Vietnam PTE. Ltd.	42,539	9,769	32,770	5,519	205
SKT Americas, Inc.	42,681	1,280	41,401	18,468	(14,604)
YTK Investment Ltd.	51,218		51,218		
Atlas Investment(*2)	50,643	530	50,113		(2,056)

(*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.

1. Reporting Entity, Continued

(4) Changes in subsidiaries

The list of subsidiaries that were newly acquired or excluded from consolidation during the year ended December 31, 2012 is as follows:

1) Newly acquired subsidiaries

Subsidiary	Reason
Madsmart, Inc.	Acquired ownership interest
SK Global Healthcare Business Group., Ltd.	Newly invested
SK Planet Japan	Newly invested
SK Planet Global PTE. Ltd.	Newly invested
SKP America LLC.	Newly invested

2) Excluded subsidiaries

Subsidiary	Reason
Ntreev Soft Co., Ltd.(*)	The Parent Company sold its investment during the period.
Broadband D&M Co., Ltd.	Merged into SK Broadband Co., Ltd. during the period.
Broadband CS Co., Ltd.	Merged into SK Broadband Co., Ltd. during the period.
Service-In Co., Ltd.	The Parent Company sold its investment during the period.

(*) The Parent Company sold 2,064,970 shares (ownership interest of 63.7%) of its investment to NCsoft Corporation and recognized a gain on the disposal of (Won) 66,006 million during the year ended December 31, 2012, which is included in gains(losses) related to investments in associates, net, in the accompanying consolidated statements of income.

2. Basis of Preparation

(1) Statement of compliance

These consolidated financial statements were prepared in accordance with K-IFRS, as prescribed in *the Act on External Audits of Corporations in the Republic of Korea*.

(2) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position:

derivative financial instruments are measured at fair value

financial instruments at fair value through profit or loss are measured at fair value

available-for-sale financial assets are measured at fair value liabilities for defined benefit plans are recognized at the net of the total present value of defined benefit obligations less the fair value of plan assets and unrecognized past service costs

2. Basis of Preparation, Continued

(3) Functional and presentation currency

Financial statements of separate entities within the Group are presented in functional currency and the currency of the primary economic environment in which each entity operates. Consolidated financial statements of the Group are presented in Korean won, which is the Parent Company s functional and presentation currency.

(4) Use of estimates and judgments

The preparation of the consolidated 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes: revenue, classification of investment property, and lease classification.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes: provisions, measurement of defined benefit obligation, utilization of tax losses, and commitments and contingencies.

(5) Changes in accounting policies

1) Changes in accounting policies

(i) Financial Instruments: Disclosures

The Group 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 Group derecognizes transferred financial assets but still retains their specific risks and rewards, the amendments require additional disclosures of their risks.

(ii) Presentation of financial statements

The Group adopted the amendments pursuant to the amended K-IFRS No. 1001, Presentation of Financial Statements from the annual period ended December 31, 2012. The Group s operating profit (loss) is calculated as revenue less: (1) cost of goods sold, and (2) selling, general and administrative expenses, and is presented separately in the statement of income.

2. Basis of Preparation, Continued

(5) Changes in accounting policies, Continued

2) Impact of change in accounting policy

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

(In millions of won)

	2012	2011
Operating income before adoption of the amendment	(Won) 1,766,254	2,189,289
Differences:		
Other non-operating income		
Fees revenues	(3,982)	(5,264)
Gain on disposal of property and equipment and intangible assets	(162,590)	(6,275)
Others	(29,462)	(35,889)
	(196,034)	(47,428)
Other non-operating expense		
Impairment loss on property and equipment and intangible assets	38,623	2,580
Loss on disposal of property and equipment and intangible assets	11,398	16,372
Donations	81,357	90,115
Bad debt for accounts receivable other	30,107	12,847
Others	28,466	31,838
	189,951	153,752
Operating income after adoption of the amendment	(Won) 1,760,171	2,295,613

(6) 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.

(7) Authorization for issuance of the consolidated financial statements

The consolidated financial statements were authorized for issue by the Board of Directors on February 7, 2013.

3. Significant Accounting Policies

The significant accounting policies applied by the Group in preparation of its consolidated financial statements are included below. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(1) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group s other components The Group s operating segments have been determined to be each business unit, for which the Group generates separately identifiable financial information that is regularly reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance. The Group has three reportable segments which consist of cellular services, fixed-line telecommunication services and others, as described in note 4. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(2) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of the other entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

(ii) Intra-group transactions

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iii) Non-controlling interests

Non-controlling interests in a subsidiary are accounted for separately from the parent s ownership interests in a subsidiary. Each component of net profit or loss and other comprehensive income is attributed to the owners of the parent and non-controlling interest holders, even when the allocation reduces the non-controlling interest balance below zero.

(iv) Changes in the Parent Company s ownership interest in a subsidiary

Changes in the Parent Company s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognized in profit or loss. The difference between the consideration and the adjustments made to non-controlling interest is recognized directly in equity attributable to the owners of the Parent Company.

3. Significant Accounting Policies, Continued

(3) Business combination

(i) Business combination

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control.

Each identifiable asset and liability is measured at its acquisition-date fair value except for below:

- Leases and insurance contracts are required to be classified on the basis of the contractual terms and other factors
- Only those contingent liabilities that are a present obligation and can be measured reliably are recognized
- Deferred tax assets or liabilities are recognized and measured in accordance with K-IFRS No. 1012, Income Taxes
- Employee benefit arrangements are recognized and measured in accordance with K-IFRS No.1019, Employee Benefits
- Indemnification assets are recognized and measured on the same basis as the indemnified liability or asset
- Reacquired rights are measured on the basis of the remaining contractual terms of the related contract.
- Liabilities or equity instruments related to share-based payment transactions are measured in accordance with the method in K-IFRS No.1102, Share-based Payment
- Assets held for sale are measured at fair value less costs to sell in accordance with K-IFRS No. 1105, Non-current Assets Held for Sale

As of the acquisition date, non-controlling interests in the acquiree are measured as the non-controlling interests proportionate share of the acquiree s identifiable net assets.

The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer.

3. Significant Accounting Policies, Continued

(3) Business combination, Continued

Acquisition-related costs are costs the acquirer incurs to effect a business combination. Those costs include finder s fees; advisory, legal, accounting, valuation and other professional or consulting fees; general administrative costs, including the costs of maintaining an internal acquisitions department; and costs of registering and issuing debt and equity securities. Acquisition-related costs, other than those associated with the issue of debt or equity securities, are expensed in the periods in which the costs are incurred and the services are received. The costs to issue debt or equity securities are recognized in accordance with K-IFRS No.1032, Financial Instruments: Presentation and K-IFRS No.1039, Financial Instruments: Recognition and Measurement .

(ii) Goodwill

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, bargain purchase gain is recognized immediately in profit or loss.

As part of its transition to K-IFRS, the Group elected to restate only those business combinations which occurred on or after January 1, 2010 in accordance with K-IFRS. In respect of acquisitions prior to January 1, 2010, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP, K-GAAP.

(iii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised.

The assets and liabilities acquired are recognized at the carrying amounts recognized previously in the Group controlling shareholder s consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognized as part of share premium.

(4) Associates

An associate is an entity in which the Group has significant influence, but not control, over the entity s financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

The investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the Group s share of the profit or loss and changes in equity of the associate after the date of acquisition. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Intra-group losses recognized as expense if intra-group losses indicate an impairment that requires recognition in the consolidated financial statements.

3. Significant Accounting Policies, Continued

(4) Associates, Continued

If an associate uses accounting policies different from those of the Group for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in applying the equity method.

When the Group s share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has to make payments on behalf of the investee for further losses.

(5) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. If equity instruments have predetermined redemption date and a period from the acquisition date to the redemption date is short, such as preferred stocks, such equity instruments are included in cash and cash equivalents.

(6) Inventories

Inventories are stated at the acquisition cost using the average method. During the period, a perpetual inventory systems is used to value inventories, which is adjusted to the physical inventory counts performed at the period end. When the net realizable value of inventories is less than the acquisition cost, the carrying amount is reduced to the net realizable value and any difference is charged to current operations as operating expenses.

(7) Non-derivative financial assets

The Group recognizes and measures non-derivative financial assets by the following four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The Group recognizes financial assets in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Upon initial recognition, non-derivative financial assets are measured at their fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the asset s acquisition or issuance.

(i) Financial assets at fair value through profit or loss

A financial asset is classified as financial assets are classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Upon initial recognition, transaction costs are recognized in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

3. Significant Accounting Policies, Continued

(7) Non-derivative financial assets, Continued

(ii) Held-to-maturity investments

A non-derivative financial asset with a fixed or determinable payment and fixed maturity, for which the Group has the positive intention and ability to hold to maturity, are classified as held-to-maturity investments. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method.

(iii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method except for loans and receivables of which the effect of discounting is immaterial.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, held-to-maturity investments or loans and receivables. Subsequent to initial recognition, they are measured at fair value, which changes in fair value, net of any tax effect, recorded in other comprehensive income in equity. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost.

(v) De-recognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability. If the Group retains substantially all the risks and rewards of ownership of the transferred financial assets, the Group continues to recognize the transferred financial assets and recognizes financial liabilities for the consideration received.

(vi) Offsetting between financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position only when the Group currently has a legally enforceable right to offset the recognized amounts, and there is the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

3. Significant Accounting Policies, Continued

(8) Derivative financial instruments, including hedge accounting

Derivatives are initially recognized at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

(i) Hedge accounting

The Group holds forward exchange contracts, interest rate swaps, currency swaps and other derivative contracts to manage interest rate risk and foreign exchange risk. The Group designated derivatives as hedging instruments to hedge the risk of changes in the fair value of assets, liabilities or firm commitments (a fair value hedge) and foreign currency risk of highly probable forecasted transactions or firm commitments (a cash flow hedge).

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship.

Fair value hedge

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognized in profit or loss. The gain or loss from remeasuring the hedging instrument at fair value for a derivative hedging instrument and the gain or loss on the hedged item attributable to the hedged risk are recognized in profit or loss in the same line item of the consolidated statement of comprehensive income. The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, or if the hedge no longer meets the criteria for hedge accounting. Any adjustment arising from gain or loss on the hedged item attributable to the hedged risk is amortized to profit or loss from the date the hedge accounting is discontinued.

Cash flow hedge

When a derivative is designated to hedge the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income, net of tax, and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income is reclassified to profit or loss in the periods during which the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, then the balance in other comprehensive income is recognized immediately in profit or loss.

3. Significant Accounting Policies, Continued

(8) Derivative financial instruments, including hedge accounting

(ii) Separable embedded derivatives

Embedded derivatives are separated from the host contract and accounted for separately only if the following criteria have been met:

(a) the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract;

(b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and

(c) the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss.

Changes in the fair value of separable embedded derivatives are recognized immediately in profit or loss.

(iii) Other derivative financial instruments

Changes in the fair value of other derivative financial instrument not designated as a hedging instrument are recognized immediately in profit or loss.

(9) Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. However, losses expected as a result of future events, regardless of likelihood, are not recognized.

Objective evidence that a financial asset is impaired includes following loss events:

significant financial difficulty of the issuer or obligor;

a breach of contract, such as default or delinquency in interest or principal payments;

the lender, for economic or legal reasons relating to the borrower s financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

it becoming probable that the borrower will enter bankruptcy or other financial reorganization;

the disappearance of an active market for that financial asset because of financial difficulties; or observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

If financial assets have objective evidence that they are impaired, impairment losses should be measured and recognized.