

SK TELECOM CO LTD  
Form 6-K  
September 17, 2015  
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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 SEPTEMBER 2015**  
**COMMISSION FILE NUMBER 333-04906**

**SK Telecom Co., Ltd.**

(Translation of registrant's name into English)

**Euljiro 65 (Euljiro2-ga), Jung-gu**

**Seoul 100-999, Korea**

(Address of principal executive offices)

## Edgar Filing: SK TELECOM CO LTD - Form 6-K

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

Form 20-F  Form 40-F

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

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

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

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

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

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

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SEMI-ANNUAL BUSINESS REPORT

(From January 1, 2015 to June 30, 2015)

THIS IS A SUMMARY OF THE SEMI-ANNUAL BUSINESS REPORT ORIGINALLY PREPARED IN KOREAN WHICH 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.

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Since the first quarter of 2011, the Company has reported 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 semi-annual business report for the six months ended June 30, 2015 includes the following consolidated subsidiaries:

<b>Name</b>	<b>Date of Establishment</b>	<b>Principal Business</b>	<b>Total Assets as of Dec. 31, 2014 (millions of Won)</b>	<b>Material Subsidiary*</b>
SK Telink Co., Ltd.	Apr. 9, 1998	Telecommunication services and satellite broadcasting services	324,028	Material
M&Service Co., Ltd.	Feb. 10, 2000	Online information services	78,826	Material
SK Communications Co., Ltd.	Sep. 19, 1996	Internet portal and other Internet information services	176,168	Material
Stonebridge Cinema Fund	Sep. 30, 2005	Investment partnership	11,137	
Commerce Planet Co., Ltd.	Jul. 1, 1997	Online shopping mall operation services	26,078	
SK Broadband Co., Ltd.	Sep. 26, 1997	Fixed-line telecommunication services, multimedia and IPTV services	3,109,991	Material
K-net Culture and Contents Venture Fund	Nov. 24, 2008	Investment partnership	21,094	
Hwaitec Focus Investment Partnership 2	Dec. 12, 2008	Investment partnership	19,301	
Open Innovation Fund	Dec. 22, 2008	Investment partnership	21,765	
PS&Marketing Co., Ltd.	Apr. 3, 2009	Sale of telecommunication devices	544,292	Material
Service Ace Co., Ltd.	Jul. 1, 2010	Customer center management services	66,336	
Service Top Co., Ltd.	Jul. 1, 2010	Customer center management services	57,032	
Network O&S Co., Ltd.	Jul. 1, 2010	Network maintenance services	71,348	
BNCP Co., Ltd.	Dec. 7, 2009	Internet services	6,785	
Iconcube, Inc.	Sep. 14, 2011	Online information services	1,382	
Iconcube Holdings, Inc.	Sep. 5, 2014	Consulting services	1,934	
Iriver Ltd.	Jul. 12, 2000	Audio device manufacturing	65,252	
groovers Japan Co. Ltd.	Feb. 25, 2015	Contents and information distribution	46	
SK Planet Co., Ltd.	Oct. 1, 2011	Telecommunication and platform services	2,579,286	Material
SK Planet Japan, K.K.	Mar. 14, 2012	Digital contents sourcing services	5,222	
SK Planet Global PTE, LTD.	Aug. 4, 2012	Digital contents sourcing services	4,215	
SK Planet America LLC	Jan. 27, 2012	Digital contents sourcing services	297,981	Material
SKP Global Holdings PTE, LTD.	Aug. 10, 2012	Holding company for overseas commerce	29,529	
SK Global Healthcare Business Group, Ltd.	Sep. 14, 2012	Investment	25,784	
Technology Innovation Partners, L.P.	Jun. 24, 2011	Investment	33,194	

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Name	Date of Establishment	Principal Business	Total Assets as of Dec. 31, 2014 (millions of Won)	Material Subsidiary*
SK Telecom China Fund I L.P.	Sep. 14, 2011	Investment	14,290	
SK Telecom China Holdings Co., Ltd.	Jul. 12, 2007	Investment	37,877	
Iriver China Co., Ltd.	Jun 24, 2004	Electronic device manufacturing	4,519	
DongGuan Iriver Electronics Co., Ltd.	Jul. 6, 2006	Electronic device manufacturing	394	
Iriver Enterprise Ltd.	Jan. 14, 2014	Wholesale and retail	4,931	
Iriver Inc.	Feb. 15, 2007	Wholesale and retail	3,008	
Iriver America Inc.**	May 1, 2005	Wholesale and retail		
SKT Vietnam PTE., Ltd.	Apr. 5, 2000	Telecommunication services	4,242	
SKT Americas, Inc.	Dec. 29, 1995	Information collection and management consulting services	42,159	
YTK Investment Ltd.	Jul. 1, 2010	Investment	27,944	
Atlas Investment	Jun. 24, 2011	Investment	66,596	
Neosnetworks Co., Ltd.	Jun. 12, 2008	Security system services	31,633	
Shopkick Management Company, Inc.	Oct. 9, 2014	Investment	230,925	Material
Shopkick, Inc.	Jun. 1, 2009	Mileage based e-commerce application development	28,216	

\* Material Subsidiary means a subsidiary with total assets of Won 75 billion or more as of the end of the latest fiscal year.

\*\* Iriver America Inc. is currently in liquidation proceedings and possesses no assets.

Changes in subsidiaries are set forth below.

Change	Name	Remarks
Additions	groovers Japan Co. Ltd.	Established by Iriver Ltd. ( Iriver ) in the first half of 2015
Exclusions	Iriver CS Co., Ltd. Shenzen E-eye High Tech Co., Ltd. ( Shenzen E-eye )	Merged into Iriver Disposed of equity investment

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

B. Date of Incorporation: March 29, 1984

C. Location of Headquarters

(1) Address: 65 Euljiro, Jung-gu, Seoul, Korea

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

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

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## 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. In June 2013, the Company became the first telecommunications service provider in the world to provide commercial LTE-Advanced ( LTE-A ) services using carrier aggregation technology, and in June 2014, the Company reaffirmed its technological leadership by becoming the first to provide commercial 225 Mbps wideband LTE-A services, which is three times faster than LTE. In December 2014, the Company launched tri-band LTE-A, which is four times faster than LTE. The Company also launched unlimited LTE data plans and other innovative data plans, such as Rush hour / Subway Free plans that are unlimited data plans based on time, place and occasion (or, TPO), reflecting the data pattern usage of customers and their lifestyles. T-Phone, T-outdoor and T Kids Phone Joon, introduced in 2014, are customer-focused products that create additional value for customers. In addition, the Company released Pet Fit , a smart healthcare device for pets in April 2015 and T-Pet, which provides a variety of services such as a pet's live location information through a device embedded with USIM and positioning modules in May 2015. The Company expects that these products will have a lock-in effect on existing customers.

The Company plans to increase its profitability by strengthening its retention policy, which is the fundamental basis of competitiveness for telecommunication companies in this data-intensive era. The Company will lead the information and communication technology ( ICT ) trend by providing products through which customers can have a distinctive experience and by providing innovative services, such as the T-Phone, to transition to service-based competition.

In the business-to-business ( B2B ) area, the Company has strengthened its solutions business through the implementation of five main solution products: Smart Store, Smart Work, Smart Cloud, Green & Safety and M Ad & Payment. Since the commercial launch of its mobile IPTV services, B tv Mobile, in October 2012, the Company has gained over one million paying subscribers as of March 2014. The Company is the first telecommunications services provider in the world to provide full high definition streaming services using its LTE-A network. In 2014, the number of its mobile IPTV service subscribers increased by 1.56 million to reach 2.37 million subscribers by the end of the year, and as of June 30, 2015, the number of subscribers was 3.19 million.

In the area of healthcare, the Company achieved several tangible milestones in 2014: point-of-care diagnostic devices manufactured by a company of which the Company is the largest shareholder received approval from the U.S. Food and Drug Administration; the Company entered the Chinese healthcare market; and the Company was the first Korean company to export medical information systems. The Company plans to continue to find and develop new growth engines in the mid- to long-term. The Company also plans to seek out new growth engines in existing businesses, including the intelligence business, by utilizing its technologies relating to big data.

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. Through Service Ace Co., Ltd., another subsidiary, the Company operates customer service centers in Seoul and provides telemarketing services. 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.

## (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. In 1999, SK Broadband launched its high-speed Internet service in Seoul, Busan, Incheon and Ulsan and currently provides such services nationwide. SK Broadband also commercialized its TV-Portal service in July 2006 and its IPTV service in January 2009 upon receipt of permit in September 2008.

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(3) Other businesses

With respect to the Company's e-commerce business, 11th Street, a platform service that connects various sellers and purchasers online, continues to gain market share. In the commerce platform business area, the Company, utilizing the existing network of partner businesses of OK Cashbag, Korea's largest loyalty mileage program with 39.0 million members as of June 30, 2015, consumer information from big data, information technology, and other sources of competitive edges that can lead the industry, launched Syrup to provide smart shopping services to consumers and Syrup Store to provide integrated marketing solutions to partner businesses in June 2014. Syrup, a mobile wallet service upgraded and rebranded from its predecessor service, Smart Wallet, reached 14.1 million users as of June 30, 2015 and leads the online-to-offline commerce business.

In the location-based services business area, users of the Company's T-Map Navigation service reached 19.6 million as of June 30, 2015. 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 digital contents business area, the Company provides high-quality digital contents in its leading mobile contents marketplace, T Store, which had 23.8 million subscribers as of June 30, 2015 and which the Company plans to expand.

In the media business area, the Company provides the optimum environment for subscribers to access multimedia contents according to personal taste and preference through Hoppin and Btv mobile, available on various digital devices such as personal computers and mobile 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 Planet Co., Ltd. ( SK Planet ) will continue to provide value to customers by constantly developing and improving its services.

SK Communications Co., Ltd. ( SK Communications ) provides integrated Internet portal services through NATE 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 and NATE-ON and aims to give greater exposure to the advertiser's brand name to the public. The increased effectiveness of online 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 contents sales and providing certain types of services. Revenues from contents and other services are generated through 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 and application development.

See II-1. Business Overview for more information.

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## E. Credit Ratings

## (1) Corporate bonds

Credit rating date	Subject of rating	Credit rating	Credit rating entity (Credit rating range)	Rating classification
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
April 22, 2014	Corporate bond	AAA	Korea Ratings	Regular rating
April 22, 2014	Corporate bond	AAA	Korea Investors Service, Inc.	Regular rating
April 22, 2014	Corporate bond	AAA	NICE Investors Service Co., Ltd.	Regular rating
April 22, 2014	Corporate bond	AAA	Korea Ratings	Current rating
April 22, 2014	Corporate bond	AAA	Korea Investors Service, Inc.	Current rating
April 22, 2014	Corporate bond	AAA	NICE Investors Service, Co., Ltd.	Current rating
October 15, 2014	Corporate bond	AAA	Korea Ratings	Current rating
October 15, 2014	Corporate bond	AAA	Korea Investors Service, Inc.	Current rating
October 15, 2014	Corporate bond	AAA	NICE Investors Service, Co., Ltd.	Current rating
February 9, 2015	Corporate bond	AAA	Korea Ratings	Current rating
February 9, 2015	Corporate bond	AAA	Korea Investors Service, Inc.	Current rating
February 9, 2015	Corporate bond	AAA	NICE Investors Service, Co., Ltd.	Current rating
May 21, 2015	Corporate bond	AAA	Korea Ratings	Regular rating
May 27, 2015	Corporate bond	AAA	Korea Investors Service, Inc.	Regular rating
June 10, 2015	Corporate bond	AAA	NICE Investors Service, Co., Ltd.	Regular rating
July 6, 2015	Corporate bond	AAA	Korea Ratings	Current rating
July 6, 2015	Corporate bond	AAA	Korea Investors Service, Inc.	Current rating
July 6, 2015	Corporate bond	AAA	NICE Investors Service, Co., Ltd.	Current 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.

## (2) Commercial paper ( CP )

Credit rating date	Subject of rating	Credit rating	Credit rating entity (Credit rating range)	Rating classification
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 14, 2012	CP	A1	Korea Investors Service, Inc.	Regular rating
December 18, 2012	CP	A1	Korea Ratings	Regular rating
December 18, 2012	CP	A1	NICE Investors Service Co., Ltd.	Regular rating



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Credit rating date	Subject of rating	Credit rating	Credit rating entity (Credit rating range)	Rating classification
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
November 29, 2013	CP	A1	Korea Ratings	Regular rating
December 18, 2013	CP	A1	Korea Investors Service, Inc.	Regular rating
December 20, 2013	CP	A1	NICE Investors Service Co., Ltd.	Regular rating
April 22, 2014	CP	A1	Korea Ratings	Current rating
April 22, 2014	CP	A1	Korea Investors Service, Inc.	Current rating
April 22, 2014	CP	A1	NICE Investors Service Co., Ltd.	Current rating
October 15, 2014	CP	A1	Korea Ratings	Regular rating
October 15, 2014	CP	A1	Korea Investors Service, Inc.	Regular rating
October 15, 2014	CP	A1	NICE Investors Service Co., Ltd.	Regular rating
May 21, 2015	CP	A1	Korea Ratings	Current rating
May 27, 2015	CP	A1	Korea Investors Service, Inc.	Current rating
June 10, 2015	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

\* On August 9, 2013, Moody's Investors Service raised the outlook on the Company's rating from A3 (Negative) to A3 (Stable).

\* On April 8, 2014, S&P raised the outlook on the Company's rating from A- (Stable) to A- (Positive).

**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.

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

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

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

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

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June 2015: Consummation of the comprehensive share exchange transaction (the Share Exchange ) through which the Company acquired all of the shares of SK Broadband that it did not otherwise own in exchange for its treasury shares such that SK Broadband became a wholly-owned subsidiary of the Company.

A. Location of Headquarters

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

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

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

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

65 Euljiro, Jung-gu, Seoul (December 13, 2004)

B. Significant Changes in Management

At the 28th General Meeting of Shareholders held on March 23, 2012, Young Tae Kim and Dong Seob Jee were elected as inside directors, and Hyun Chin Lim was re-elected as an independent director and as a member of the audit committee of the Company s board of directors. At the 29th General Meeting of Shareholders 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. At the 30th General Meeting of Shareholders held on March 21, 2014, Jae Hoon Lee was elected as an independent director and Jae Hyeon Ahn was elected as an independent director and member of the audit committee of the Company s board of directors. At the 31st General Meeting of Shareholders held on March 20, 2015, Dong Hyun Jang was elected as an inside director.

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 general meeting of shareholders.

D. Mergers, Acquisitions and Restructuring

(1) Spin-off

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

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



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Set forth below is a summary of the Company's 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

The schedule of the spin-off is set forth below.

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
Others	
Notice of closure of shareholders register	July 20, 2011
Period of closure of shareholders register	August 5, 2011~ August 8, 2011
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 530-9 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 had a 21.05% equity interest in SK Hynix after the purchase.

(3) Merger of SK Planet and SK Marketing & Company Co., Ltd.

On January 11, 2013, the Company acquired the remaining 50% equity stake in SK Marketing & Company Co., Ltd. ( SK Marketing & Company ), a company providing e-commerce and advertising services, from SK Innovation Co., Ltd. and gained control of both SK Marketing & Company and its subsidiary, M&Service Co., Ltd. The Company thereafter contributed the 100% equity stake in SK Marketing & Company to SK Planet and merged SK Marketing & Company into SK Planet as of February 1, 2013.

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(4) Acquisition of shares of PS&Marketing

On February 20, 2014, the board of directors of the Company resolved to invest an additional Won 100 billion (20 million common shares) into PS&Marketing, an affiliated company, in order to increase its mid- to long-term competitiveness in distribution. The date of investment was April 2, 2014, and the cumulative investment amount totaled Won 330 billion.

(5) Disposition of shares of iHQ Inc.

On March 10, 2014, the Company disposed of 3,790,000 shares of iHQ Inc. (9.4% of its equity share) to rebalance its investment portfolio.

(6) Acquisition of shares of Neosnetworks Co., Ltd. ( Neosnetworks )

In order to acquire a new growth engine, the Company acquired a controlling stake in Neosnetworks, a building security company, with the purchase of 31,310 shares (a 66.7% equity interest) of Neosnetworks on April 2, 2014. The Company acquired an additional 50,377 shares in Neosnetworks in April 2015 through a rights offering, resulting in an increase of its ownership to 83.9%.

(7) Acquisition of shares of Iriver

On August 13, 2014, the Company purchased 10,241,722 shares (a 39.3% equity interest) of Iriver Ltd. ( Iriver ) from Vogo-Rio Investment Holdings Co., Ltd. and KGF-Rio Limited in order to foster application development and smartphone accessories as part of the Company's growth engines. As of December 31, 2014, the Company holds a 48.9% equity interest of Iriver by acquiring additional shares in its rights offering. The Company does not hold a majority of the voting rights of Iriver, but the Company has concluded that it has effective control, as it holds significantly more voting rights than any other shareholder or any organized group of shareholders.

(8) Acquisition of shares of Shopkick, Inc. ( Shopkick )

On October 10, 2014, SK Planet America LLC, a subsidiary of the Company, acquired (through its 95.2%-owned subsidiary Shopkick Management Company, Inc.) a 100.0% ownership interest in Shopkick, a developer of a shopping app for mobile devices that provides benefits to customers for visiting stores, in order to penetrate the mobile commerce market in the United States.

(9) Disposition of Shenzhen E-Eye shares

In 2014, the Company entered into an agreement to dispose of its equity interest in Shenzhen E-eye in order to focus its business portfolio on high-growth business areas in the Chinese ICT market. The sale was completed on March 23, 2015.

(10) Disposition of a portion of KEB Hana Card shares

On April 3, 2015, the Company sold 27,725,264 shares (10.4% out of the 25.4% equity interest the Company held prior to the sale) of KEB Hana Card Co., Ltd. to Hana Financial Group in cash. With the proceeds of such sale (Won 180 billion), the Company acquired equity interests in Hana Financial Group on April 17, 2015 through participation in a rights offering by Hana Financial Group. The Company plans to maintain its strategic alliance and pursue opportunities to create synergies with Hana Financial Group.

(11) SK Broadband - Comprehensive Share Exchange

On March 20, 2015, the Company's board of directors resolved to approve the Share Exchange.

Share Exchange ratio: Shareholders of one common share of SK Broadband will be allotted 0.0168936 common shares of SK Telecom

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Shares exchanged: 2,471,883 registered common shares of SK Telecom

Date of Share Exchange agreement: March 23, 2015

Record date: April 6, 2015

Announcement date for the proceeding of the Share Exchange as a small-scale share swap: April 6, 2015

Meeting of board of directors for approval of the Share Exchange: May 6, 2015

Date of the Share Exchange: June 9, 2015

[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.

(2) Share Exchange

On March 20, 2015, the board of directors of SK Broadband resolved to approve the Share Exchange. The Share Exchange was approved at the extraordinary shareholders meeting held on May 6, 2015. Subsequent to the Share Exchange, the Company became the parent company of SK Broadband with 100% ownership and remained a listed corporation on the KRX KOSPI Market, and SK Broadband became a wholly-owned subsidiary of the Company and was delisted from the KRX KOSDAQ Market. There was no change in the share ownership interest of the Company's existing shareholders or the Company's management in connection with the Share Exchange.

Share Exchange ratio: Shareholders of one common share of SK Broadband were allotted 0.0168936 common shares of SK Telecom

Shares exchanged: 2,471,883 registered common shares of SK Telecom

Date of Share Exchange agreement: March 23, 2015

Record date: April 6, 2015

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Announcement date for the proceeding of the Share Exchange as a small-scale share swap: April 6, 2015

Meeting of board of directors for approval of the Share Exchange: May 6, 2015

Date of the Share Exchange: June 9, 2015



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### [SK Planet]

#### (1) Merger

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

On April 22, 2013, the board of directors of SK Planet resolved to merge Madsmart, Inc., its wholly-owned subsidiary, into SK Planet to enhance the competitiveness of its platform business and provide faster service to customers by merging the ICT capabilities of the two companies. The merger was effective as of June 1, 2013, and SK Planet did not issue any new shares in connection with the merger.

### [SK Communications]

#### (1) Disposition of shares of SK i-media

Pursuant to the resolution of its board of directors on October 17, 2011, SK Communications sold all of the shares of SK i-media Co., Ltd. it owns to LK Media Tec Co., Ltd. for Won 1 million of cash.

#### (2) Disposition of shares of U-Land

Pursuant to the resolution of its board of directors on December 21, 2011, SK Communications sold all of the shares of U-Land Co., Ltd. (a 29.85% equity interest) it owns to SK Planet for Won 10 million.

#### (3) Disposition of the Cyworld service

Pursuant to the resolution of its board of directors on March 6, 2014, SK Communications sold its Cyworld service and certain related assets to Cyworld Co., Ltd. for Won 2.8 billion on April 8, 2014.

#### (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.

### [PS&Marketing]

On February 20, 2014, the board of directors of PS&Marketing resolved to acquire the retail distribution business, including related assets, liabilities, contracts and human capital of the information technology and mobile wing of SK Networks. On the same day, the board of directors of PS&Marketing also resolved to acquire retail stores, including their assets and liabilities, of LCNC Co., Ltd ( LCNC ). The acquisitions were completed on April 30, 2014 at a purchase price of Won 124.5 billion for the assets acquired from SK Networks and a purchase price of Won 10 billion for the assets acquired from LCNC.

### [M&Service]

Upon the merger between SK Marketing & Company, which held a 100% equity stake in M&Service, and SK Planet on February 1, 2013, SK Planet holds a 100% equity stake in M&Service.

### [Neosnetworks]

On March 31, 2015, Neos Networks acquired the unmanned electronic security business of Joeun Safe to expand its unmanned security business. The acquisition cost, which had been reported on January 5, 2015 as Won 19.4 billion, is subject to adjustment depending on the customer transfer rate and is currently determined to be Won 14.0 billion. The final acquisition cost will be determined on September 30, 2015,

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based on the customer transfer rate as of such date. Joeun Safe was spun off from its parent company Joeun System in 2006 and has the fourth largest market share in the Korean unmanned security industry. Upon this acquisition, it is expected that the Company will quickly expand into the unmanned security market.

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[Iriver]

### (1) Merger of Iriver CS Co., Ltd. ( Iriver CS )

Pursuant to the resolution of its board of directors on November 18, 2014, Iriver decided to merge with Iriver CS, its wholly-owned subsidiary, with Iriver as the surviving entity. The merger was completed based on the merger ratio of 1:0 with no capital increase. The merger and merger registration were completed on January 31, 2015 and February 2, 2015, respectively.

### (2) New Establishment of groovers Japan Co. Ltd. ( groovers Japan )

On February 25, 2015, Iriver newly established its overseas subsidiary, groovers Japan, for the purpose of strengthening new business opportunities in Japan.

## E. Other Important Matters related to Management Activities

[SK Telecom]

### (1) Issuance of bonds

On May 14, 2014, the Company issued four tranches of fixed-rate unsecured bonds in the principal amounts of Won 50 billion (with an annual interest rate of 3.301% and a maturity date of May 14, 2019), Won 150 billion (with an annual interest rate of 3.637% and a maturity date of May 14, 2024), Won 50 billion (with embedded options, an annual interest rate of 4.725% and a maturity date of May 14, 2029), and Won 50 billion (with embedded options, an annual interest rate of 4.72% and a maturity date of May 14, 2029).

On October 28, 2014, the Company issued three tranches of fixed-rate unsecured bonds in the principal amounts of Won 160 billion (with an annual interest rate of 2.53% and a maturity date of October 28, 2019), Won 150 billion (with an annual interest rate of 2.66% and a maturity date of October 28, 2021), and Won 190 billion (with an annual interest rate of 2.82% and a maturity date of October 28, 2024).

On February 26, 2015, the Company issued three tranches of fixed-rate unsecured bonds in the principal amounts of Won 100 billion (with an annual interest rate of 2.40% and a maturity date of February 26, 2022), Won 150 billion (with an annual interest rate of 2.49% and a maturity date of February 26, 2025), and Won 50 billion (with an annual interest rate of 2.61% and a maturity date of February 26, 2030).

On July 17, 2015, the Company issued four tranches of fixed-rate unsecured bonds in the principal amounts of Won 90 billion (with an annual interest rate of 1.89% and a maturity date of July 17, 2018), Won 70 billion (with an annual interest rate of 2.66% and a maturity date of July 17, 2025), Won 90 billion (with an annual interest rate of 2.82% and a maturity date of July 17, 2030), and Won 50 billion (with an annual interest rate of 3.40% and a maturity date of July 17, 2030).

### (2) Issuance of hybrid securities

On June 7, 2013, the Company issued Won 400 billion principal amount of hybrid securities in the form of unguaranteed subordinated bonds with an annual interest rate of 4.21%, which is adjusted five years after the date of issuance. The Company classified the hybrid securities as equity, as there is no contractual obligation to deliver financial assets to the bondholders. The maturity date of the hybrid securities is June 7, 2073, which can be extended by the Company without any notice or announcement.

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## (3) Conversion of convertible notes

On April 7, 2009, the Company issued convertible notes with a maturity of five years in the principal amount of US\$332,528,000 with an annual interest rate of 1.75%. In 2013, holders exercised their conversion rights with respect to an aggregate principal amount of US\$326,023,000 of the convertible notes. The Company delivered 1,241,337 treasury shares in respect of US\$170,223,000 of the exercised aggregate principal amount and delivered cash in respect of the remainder due to the limit on foreign ownership. In connection with such conversion, the Company recognized Won 135 billion in financial expenses in 2013. On November 13, 2013, the Company exercised its early redemption right and on December 13, 2013, redeemed the US\$6,505,000 principal amount of convertible notes not converted by noteholders. A 20-day volume weighted average pricing formula was used for the delivery of cash made in place of treasury shares. Due to such calculation, the Company still had US\$91,108,507 outstanding in payables as of December 31, 2013. The amount was paid in full as of January 6, 2014 and currently there is no amount outstanding.

[SK Broadband]

SK Broadband acquired subscriberships of regional cable and other service providers on several different occasions. Such acquisitions were intended to secure a stable subscriber base for its 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 the purchase of subscriberships, SK Broadband did not believe that such acquisitions rose to the level of purchasing an entire business line from another company or were likely to have a material impact on its business and therefore decided that such acquisitions did not require resolutions of its shareholders.

**3. Total Number of Shares**

## A. Total Number of Shares

(As of June 30, 2015)

(Unit: in shares)

Classification	Common shares	Share type Preferred shares	Total	Remarks
<b>I. Total number of authorized shares</b>	220,000,000		220,000,000	
<b>II. Total number of shares issued to date</b>	89,278,946		89,278,946	
<b>III. Total number of shares retired to date</b>	8,533,235		8,533,235	
a. reduction of capital				
b. retirement with profit	8,533,235		8,533,235	
c. redemption of redeemable shares				
d. others				
<b>IV. Total number of shares (II-III)</b>	80,745,711		80,745,711	
<b>V. Number of treasury shares</b>	8,116,551		8,116,551	
<b>VI. Number of shares outstanding (IV-V)</b>	72,629,160		72,629,160	

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## B. Treasury Shares

## (1) Acquisitions and dispositions of treasury shares

(As of June 30, 2015)

(Unit: in shares)

Acquisition methods	Type of shares	At the beginning of period	Changes			At the end of period
			Acquired (+)	Disposed (-)	Retired (-)	
Acquisition pursuant to the Financial Investment Services and Capital Markets Act of Korea ( FSCMA )	Direct acquisition from market	Common shares	7,086,028			7,086,028
		Preferred shares				
	Direct over-the-counter acquisition	Common shares				
		Preferred shares				
	Tender offer	Common shares				
		Preferred shares				
	Sub-total	Common shares	7,086,028			7,086,028
		Preferred shares				
	Held by trustee	Common shares				
		Preferred shares				
Acquisition through trust and other agreements	Held in actual stock	Common shares	3,886,710			3,886,710
	Preferred shares					
	Sub-total	Common shares	3,886,710			3,886,710
	Preferred shares					
Other acquisition	Common shares	(1,163,363)		(1,692,824)		(2,856,187)
	Preferred shares					
Total	Common shares	9,809,375				8,116,551
	Preferred shares					

\* Due to the Company's exercise of its early redemption right with respect to its convertible notes on November 13, 2013, the conversion right exercise period had expired by December 31, 2013, and there are no more treasury shares deposited with the Korea Securities Depository.

\*\* The change in treasury shares through other acquisitions was a result of the Share Exchange.

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

(As of June 30, 2015) (Unit: in shares)

Classification		Number of shares	Remarks
<b>Total shares (A)</b>	Common share	80,745,711	
	Preferred share		
<b>Number of shares without voting rights (B)</b>	Common share	8,116,551	Treasury shares
	Preferred share		
<b>Shares without voting rights pursuant to the Company's articles of incorporation (the Articles of Incorporation) (C)</b>	Common share		
	Preferred share		
<b>Shares with restricted voting rights pursuant to Korean law (D)</b>	Common share		
	Preferred share		
<b>Shares with reestablished voting rights (E)</b>	Common share		
	Preferred share		
<b>The number of shares with exercisable voting rights (F = A - B - C - D + E)</b>	Common share	72,629,160	
	Preferred share		

**5. Dividends and Others**

## A. Dividends

- (1) 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.

- (2) Distribution of interim dividends of Won 1,000 was approved during the 357th Board of Directors Meeting on July 25, 2013.

- (3) Distribution of cash dividends was approved during the 30th General Meeting of Shareholders held on March 21, 2014.

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 366th Board of Directors Meeting on July 24, 2014.

- (5) Distribution of cash dividends was approved during the 31st General Meeting of Shareholders held on March 20, 2015.

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

- (6) Distribution of interim dividends of Won 1,000 was approved during the 378th Board of Directors Meeting on July 23, 2015.

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## B. Dividends for the Last Three Fiscal Years

(Unit: in millions of Won, except per share values and percentages)

Classification	As of and for the six months ended June 30, 2015	As of and for the year ended December 31, 2014	As of and for the year ended December 31, 2013
Par value per share (Won)	500	500	500
(Consolidated) Net income	840,635	1,799,320	1,609,549
Net income per share (Won)	11,695	25,154	23,211
Total cash dividend	72,629	666,802	666,374
Total stock dividends			
(Consolidated) Percentage of cash dividend to available income (%)	8.6	37.1	41.4
Cash dividend yield ratio (%)			
Common share	0.4	3.5	4.1
Preferred share			
Stock dividend yield ratio (%)			
Common share			
Preferred share			
Cash dividend per share (Won)	1,000	9,400	9,400
Stock dividend per share (share)			
Common share			
Preferred share			

\* Net income per share means basic net income per share. The cash dividend per share of Won 9,400 includes the interim cash dividend 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 business consisting of cellular voice, wireless data and wireless Internet services, (2) the fixed-line business consisting of fixed-line telephone, high speed Internet, data and network lease services, among others, and (3) other businesses consisting of platform services and Internet portal services, among others.

**1. Business Overview**

Set forth below is a summary business description of material consolidated subsidiaries.

<b>Classification</b>	<b>Company name</b>	<b>Description of business</b>
<b>Wireless</b>	SK Telecom Co., Ltd.	Wireless voice and data telecommunications services via digital wireless networks
	PS&Marketing Co., Ltd.	Sale of fixed-line and wireless telecommunications products through wholesale, retail and online distribution channels
<b>Fixed-line</b>	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
		Various media-related services, such as channel management, including video on demand, and mobile IPTV services
<b>Other business</b>	SK Telink 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 Planet Co., Ltd.	Various platform services such as 11th Street, Syrup, T Store and T-Map Navigation in the application and commerce areas
	SK Communications Co., Ltd.	Integrated portal services through NATE and instant messaging services through NATE-ON
	M&Service Co., Ltd.	System software development, distribution and technical support services and other online information services
	SK Planet America LLC	System software development, distribution and investments
	Shopkick Management Company, Inc.	System software development, distribution and investments

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

As of June 30, 2015, 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-A, 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 commercialization of LTE network in July 2011 and LTE-A network in June 2013, B2B businesses, such as the corporate connected workforce business which can directly contribute to an enhancement in productivity, are expected to grow rapidly. In the first half of 2014, wideband LTE-A service was commercialized and on December 29, 2014, tri-band LTE-A service with a maximum speed of 300 Mbps was also commercialized. Such achievements were the building blocks towards the Company's LTE penetration reaching 62% as of June 30, 2015.



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## B. Growth Potential

(Unit: in 1,000 persons)

Classification		As of June 30,		As of December 31,	
		2015	2014	2013	2012
Number of subscribers	SK Telecom	26,238	26,468	26,286	26,555
	Others (KT, LGU+)	26,322	26,125	25,909	25,793
	MVNO	5,308	4,584	2,485	1,276
	<b>Total</b>	<b>57,868</b>	<b>57,177</b>	<b>54,680</b>	<b>53,624</b>

\* Source: Ministry of Science, ICT and Future Planning ( MSIP ) website.

## C. Domestic and Overseas Market Conditions

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

Set forth below is the historical market share of the Company.

(Unit: in percentages)

Classification	As of June 30,		As of December 31,	
	2015	2014	2013	2012
Mobile communication services	49.5	50.0	50.0	50.3

\* Source: MSIP website and each Korean telecommunications company's respective earnings releases (including MVNOs).

## D. Business Overview and Competitive Strengths

The Company is seeking to transform itself from a telecommunications service provider into a comprehensive ICT service provider. It has continued to innovate the scope of its services and achieved strong growth in subscribers amid fierce competition and rate cuts. As a result, for the six months ended June 30, 2015, the Company recorded Won 8.5 trillion in revenue and Won 0.8 trillion in operating income on a consolidated basis and Won 6.3 trillion in revenue and Won 0.8 trillion in operating income on a separate basis.

The number of subscribers (including MVNO subscribers) as of June 30, 2015 was 28.7 million, an increase of approximately 290,000 from the previous quarter due to the popularity of the newly launched data-centric tariff plans. In particular, the number of smartphone subscribers as of June 30, 2015 was 20.0 million, an increase of approximately 220,000 from the previous quarter propelled by 17.9 million LTE subscribers, solidifying the Company's market leadership. Following the launch of commercial LTE services in July 2011, the Company became the first telecommunications service provider in the world to launch commercial wideband LTE-A services in June 2014. In December 2014, the Company launched tri-band LTE-A services. By launching various high quality services utilizing the LTE-A and wideband LTE networks such as group video conference call services, full high definition mobile IPTV streaming services, and T Baseball Multiview, which allows users to watch multiple baseball games on one screen, the Company plans to provide an innovative user experience, enhance customer satisfaction and increase profitability.

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

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hold the leading position for 18 years, 17 years and 16 years, respectively.

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.

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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 network services to customers, including mobile office products to business customers.

PS&Marketing, a subsidiary of the Company, provides a sales platform for products of the Company and SK Broadband, including fixed-line and wireless telecommunication products that address customers' needs for various convergence products. PS&Marketing provides differentiated service to clients through the establishment of new sales channels and product development.

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

As subscribers to various bundled wireless and fixed-line products continue to increase, the IPTV business is evolving to satisfy diverse customer needs for media services through differentiated service offerings, including mobile IPTV, bundled wireless and IPTV products and ultra-high definition services for smart televisions. 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, the pilot programming of commercial ultra-high definition television broadcasting services and competition for wideband LTE services have greatly increased data traffic, thereby further emphasizing the importance of fixed-line network infrastructure that is capable of handling large capacities of data traffic with stability and efficiency.

**B. Growth Potential**

(Unit: in 1,000 persons)

Classification		As of June 30, 2015	As of December 31,	
			2014	2013
Fixed-line Subscribers	High-speed Internet	19,470	19,199	18,738
	Fixed-line telephone	16,641	16,939	17,620
	IPTV (real-time)	11,338	10,840	8,522

\* Source: MSIP website and Korea Communications Commission website

\*\* The number of IPTV subscribers as of June 30, 2015 has not been announced by the MSIP, and the number shown above is as of March 31, 2015.

**C. Cyclical Nature and Seasonality**

High-speed Internet, fixed-line telephone and IPTV services are mature markets that are comparatively less sensitive to cyclical economic changes as such services have become more of a necessity and the market has matured. The telecommunications services market overall is not expected to be particularly affected by economic downturns due to the low income elasticity of demand for telecommunication services.

Set forth below is the historical market share of the Company.

(Unit: in percentages)

Classification	As of	As of December 31,		
	June 30, 2015	2014	2013	2012
High-speed Internet (including resales)	25.4	25.1	24.4	24.1
Fixed-line telephone (including Voice over Internet Protocol ( VoIP ))	17.1	17.0	16.9	16.7
IPTV	26.6	26.1	23.8	22.0



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- \* Source: MSIP website and the Korea Communications Commission website.
- \* With respect to VoIP services, the market share was calculated based on the number of VoIP subscribers among the Company, KT and LG U+.
- \* The audience share for IPTV as of June 30, 2015 has not been announced by the MSIP, and the number shown above is as of March 31, 2015.

**D. Business Overview and Competitive Strengths**

In 1999, the Company was the first in the world to commence commercial ADSL services. On the back of its premium technology and enhanced competitiveness achieved through bundled products, it is currently expanding subscriber base across all of its businesses, including broadband Internet, telephone and IPTV. In particular, SK Broadband has positioned itself to focus on corporate customer services and IPTV services as key strategic areas for mid- to long-term growth, exploiting opportunities in new ICT-based businesses that have led to revenue growth and providing differentiated contents in its IPTV business by securing popular programming, which includes exclusive children's channels and live broadcasts of Major League Baseball games. In addition, the Company has reinforced its leadership in the ultra-high definition broadcasting market by launching ultra-high definition services that require no set-top boxes in April 2014 and by commercializing ultra-high definition set-top boxes for the first time in Korea in September 2014. Furthermore, the Company was the first in the industry to adopt solutions to upgrade full high definition to ultra-high definition, and the Company also strengthened the line-up of ultra-high definition contents by securing access to diverse contents provided by Sony and NBC Universal. Moreover, the Company provides the greatest number of channels in full high definition in the IPTV market due to its recent upgrade of all 130 live high definition channels to full high definition.

In September 2013, the Company developed technology that compresses videos for its ultra-high definition IPTV services. During the first quarter of 2014, the Company commercialized new transmission technology that can more efficiently transmit signals on the hybrid fiber-coaxial network despite its limited frequency. Furthermore, the Company solidified its technological leadership for providing ultra-high definition broadcasting for wireless and fixed line in the IPTV industry by commercializing a unique ultra-high-definition service that can be provided directly to smart televisions without the installation of smart set-top boxes in April 2014 and started transmitting ultra-high definition contents to mobile IPTV in May 2014.

SK Telink, a provider of international telecommunications service, 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 strategically target the convergence of wireless and fixed-line telecommunications and strengthen its existing business, including international and long-distance calling services, value-added services for local calling and B2B services and video conference call services while aiming to satisfy the diverse needs of customers by providing quality solutions at reasonable prices.

**[Other Business]**

**A. Industry Characteristics**

As the number of smartphones distributed in Korea exceeds 40 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.

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.

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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. It is becoming increasingly important to enhance competitiveness through a database that can register and analyze purchase patterns of customers across all areas and a platform with large data capacity with which to utilize this database and provide differentiated services to customers.

### **B. Growth Potential**

The scope and value generated by the platform business, including application and content marketplaces and N-screen services, continue to 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 exist, including 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. The importance of building a platform with large data capacity that is connected to various digital contents and commerce is expected to increase in the future.

### **C. Domestic and Overseas Market Conditions**

#### **(1) Commerce markets**

The Company expects that online commerce markets will continue to grow due to the growth potential of the Internet shopping population, the strengthening of online business models by off-line operators and the rapid rise of mobile commerce. Recently, due to the widespread use of smartphones and social media, the commercialization of location-based services and the development of big data technology, online to offline (or, O2O) business, which is a concept of attracting customers to offline stores using online and mobile environments, is being highlighted as a new field in the online commerce market industry.

#### **(2) Digital contents**

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.

#### **(3) Media**

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, 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 online and mobile video market.

### **D. Business Overview and Competitive Strengths**

The Company plans to expand its platform ecosystem focusing on its "Open & Collaboration" motto in operating its commerce business such as 11th Street, Syrup, and OK Cashbag, its digital contents business such as T Store and its location-based service business such as T-Map Navigation, thereby ultimately increasing its enterprise value.

#### **(1) Commerce**

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 rapidly growing 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 in March 2013. In Indonesia, an open market platform was successfully launched through a joint venture established in July 2013 with PT XM Axiata Tbk, a wireless telecommunications company in Indonesia. In October 2014, SK Planet and Celcom Axiata Berhad, which is a leading telecommunications service provider in Malaysia, established a joint venture, Celcom Planet, and launched online commerce services tailored to the Malaysian market in April 2015.



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Syrup is a consumer-oriented commerce service with the goal of minimizing its customers' time and efforts while maximizing the economic benefits by providing information about coupons and events based on time, place and occasion. To achieve this goal, Syrup combines location-based services, such as geo-fencing, a virtual perimeter technology using a global positioning system (or, GPS) and Bluetooth Low Energy (or, BLE), with big data analysis of consumption patterns. Syrup's business partners can benefit from cost-effective marketing through Syrup by utilizing statistics and analysis regarding consumers' frequency of visits, preferred products, and consumption patterns. Furthermore, Syrup is strengthening its service foundation and competitiveness through the continual release of vertical products such as Syrup Pay, Syrup Order and Syrup Table and the expansion of Merchant.

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 39.0 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.

(2) Location-based services

T-Map Navigation provides map, local information, real-time traffic information and navigation services. With cumulative subscribers of 19.6 million as of June 30, 2015, T-Map Navigation is one of the leading location-based service platforms in Korea. By entering the Online to Offline service area with T map Taxi, T map Public Transportation and others, the Company is expanding its mobile platform foundation that connects day-to-day life. 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.

(3) Digital contents

T Store, launched in September 2009, reached 23.8 million subscribers and cumulative downloads of 2.8 billion as of June 30, 2015, solidifying its leadership position in the application market and plans to widen its services to tablets and navigation devices. The Company intends to further develop T Store 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.

(4) Social networking services ( SNS ) and Internet portal services

The Company's instant messenger service, Nate-On, had a market share of 27.6% in the instant messenger market in Korea, with 4.6 million net users who logged in during the month of June 2015. The Company's Internet search portal service, Nate, had a page-view market share of 4.5% as of June 30, 2015. (Source: Korean Click, based on fixed-line access)

Satellite DMB service

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 of SK Telink 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 and percentages)

Business	Major Companies	Item	Major Trademarks	Consolidated Sales Amount (ratio)
<b>Wireless</b>	SK Telecom Co., Ltd., PS&Marketing Co., Ltd., Service Ace Co., Ltd., Network O&S Co., Ltd.	Mobile communication service, wireless data service, ICT service	T and others	6,622,093(78%)
<b>Fixed-line</b>	SK Broadband Co., Ltd., SK Telink Co., Ltd.	Fixed-line phone, high speed Internet, data and network lease service	B tv , 00700 international call, 7Mobile and others	1,232,229(15%)
<b>Other</b>	SK Planet Co., Ltd , SK Communications Co., Ltd., Iriver Inc. M&Service Co., Ltd.,	Internet portal service and e-commerce	OK Cashbag, NATE, T Store, T-Map Navigation and others	641,703(7%)
Total				8,496,025(100%)

[Wireless Business]

As of June 30, 2015, based on the Company's standard monthly subscription plan, the basic service fee was Won 11,000, and the usage fee was Won 1.8 per 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 June 30, 2015, broadband Internet and TV services comprised 54.7% of SK Broadband's revenue, telephony service 20.0%, corporate data services 24.4% and other telecommunications services 0.9%. Price fluctuations in the different services provided by SK Broadband are due to discounts provided for long-term contracts, changes in equipment costs and competition between companies.

[Other Business]

Set forth below are major products and services of the Company's material consolidated subsidiaries.

Business	Item	Major Trademarks
<b>Platform</b>	ICT services, new media services, advertisement services, telecommunications sales, e-commerce and others	Syrup, T Store, 11th Street, T Map, OK Cashbag and others
<b>Advertisement (Display, Search) Contents and others</b>	Online advertisement services Pay content sales and other services	Nate, Nate-On Nate, Nate-On

**3. Investment Status**

[Wireless Business]

## A. Investment in Progress

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(Unit: in 100 millions of Won)

<b>Business</b>	<b>Classification</b>	<b>Investment period</b>	<b>Subject of investment</b>	<b>Investment effect</b>	<b>Expected investment amount</b>	<b>Amount already invested</b>	<b>Future investment</b>
Network/Common	Upgrade/ New installation	2015	Network, systems and others	Capacity increase and quality improvement; systems improvement	20,000	6,672	
	Total				20,000	6,672	

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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	2015	2016	2017	
Network/Common	Network, systems and others	20,000	20,000	To be determined	To be determined	Upgrades to the existing services and expanded provision of services including wideband LTE-A
<b>Total</b>		20,000	20,000	To be determined	To be determined	

[Fixed-line Business]

## A. Investment in Progress

For the six months ended June 30, 2015, the Company made the capital expenditures set out below in order to expand its client base and network infrastructure, and the Company expects that the total amount of capital investments in 2015 will be similar to that of 2014.

(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	Upgrade/ New installation	For the six months ended June 30, 2015	Backbone and subscriber network / others	Expand subscriber networks and facilities	2,261	733	To be determined
Telephone				21			
Television				450			
Corporate Data				Increase leased-line and integrated information system		725	
Others				Expand networks and required space		332	
<b>Total</b>					2,261	2,261	

**4. Revenues**

(Unit: in millions of Won)

Business	Sales type	Item		For the six months ended June 30, 2015	For the year ended December 31, 2014	For the year ended December 31, 2013
<b>Wireless</b>	Services	Export		6,533	6,773	2,526
		Domestic		6,615,560	13,521,108	13,313,006
		Subtotal		6,622,093	13,527,881	13,315,532
<b>Fixed-line</b>	Services	Fixed-line, B2B data, High-speed Internet, TV	Export	38,759	63,608	28,002
			Domestic	1,193,470	2,386,312	2,296,387
		Subtotal		1,232,229	2,449,920	2,324,389
<b>Other</b>	Services	Display and Search ad.,	Export	23,226	20,798	14,049
			Domestic	618,477	1,165,199	948,084

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	Content	Subtotal	641,703	1,185,997	962,133
		Export	68,518	91,179	44,577
Total		Domestic	8,427,507	17,072,619	16,557,477
		Total	8,496,025	17,163,798	16,602,054

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(Unit: in millions of Won)

For the six months ended June 30, 2015	Wireless	Fixed	Other	Sub total	Internal transaction	After consolidation
<b>Total sales</b>	7,469,465	1,533,405	997,767	10,000,637	(1,504,612)	8,496,025
<b>Internal sales</b>	847,372	301,176	356,064	1,504,612	(1,504,612)	
<b>External sales</b>	6,622,093	1,232,229	641,703	8,496,025		8,496,025
<b>Operating income (loss)</b>	815,120	42,805	(42,399)	815,526		815,526
<b>Profit (loss) for the period</b>						1,075,605
<b>Total assets</b>	23,580,421	3,516,376	3,214,927	30,311,724	(2,270,218)	28,041,506
<b>Total liabilities</b>	9,483,378	2,242,744	897,624	12,623,746	100,173	12,723,919

**5. Derivative Transactions****A. Current Swap Contract Applying Cash Flow Risk Hedge Accounting**

Currency swap and interest rate swap contracts under cash flow hedge accounting as of June 30, 2015 are as follows:

Borrowing date	Hedged item	Hedged risk	Contract type	Financial institution	Duration of contract
Jul. 20, 2007	Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of US\$400,000,000)	Foreign currency risk	Cross currency swap	Morgan Stanley and five other banks	Jul. 20, 2007 Jul. 20, 2027
Jun. 12, 2012	Fixed-to-fixed cross currency swap (Swiss Franc denominated bonds face value of CHF 300,000,000)	Foreign currency risk	Cross currency swap	Citibank and five other banks	Jun. 12, 2012 Jun. 12, 2017
Nov. 1, 2012	Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of US\$700,000,000)	Foreign currency risk	Cross currency swap	Barclays and nine other banks	Nov. 1, 2012 May. 1, 2018
Jan. 17, 2013	Fixed-to-fixed cross currency swap (Australia dollar denominated bonds face value of AUD 300,000,000)	Foreign currency risk	Cross currency swap	BNP Paribas and three other banks	Jan. 17, 2013 Nov. 17, 2017
Mar. 7, 2013	Floating-to-fixed cross currency interest rate swap (U.S. dollar denominated bonds face value of US\$300,000,000)	Foreign currency risk and interest rate risk	Cross currency interest rate swap	DBS Bank	Mar. 7, 2013 Mar. 7, 2020
Oct. 29, 2013	Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of US\$300,000,000)	Foreign currency risk	Cross currency swap	Korea Development Bank and others	Oct. 29, 2013 Oct. 26, 2018
Dec. 16, 2013	Fixed-to-fixed cross currency swap (U.S. dollar denominated loan face value of US\$80,577,000)	Foreign currency risk	Cross currency swap	Deutsche Bank	Dec. 16, 2013 Apr. 29, 2022

**B. Treatment of Derivative Instruments on the Balance Sheet**

As of June 30, 2015, fair values of the above derivatives recorded in assets or liabilities and details of derivative instruments are as follows.

(Unit: in millions of Won and thousands of foreign currencies)

Hedged item	Accumulated gain (loss) on valuation of derivatives	Tax effect	Fair value		Trading purposes	Total
			Cash flow hedge Foreign currency translation gain (loss)	Others <sup>(*)</sup>		

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**Non-current assets:**

Convertible option <sup>(*)</sup> (face amounts of Won 50 billion)					5,380	5,380
Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of US\$400,000,000)	(55,930)	(17,856)	(7,724)	129,806		48,296

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Hedged item	Accumulated gain (loss) on valuation of derivatives	Tax effect	Fair value		Trading purposes	Total
			Cash flow hedge Foreign currency translation gain (loss)	Others <sup>(*1)</sup>		
Floating-to-fixed cross currency interest rate swap (U.S. dollar denominated bonds face value of US\$300,000,000)	(5,992)	(1,913)	12,112			4,207
Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of US\$300,000,000)	(8,992)		18,603			9,611
<b>Total assets</b>						67,494
<b>Non-current liabilities:</b>						
Fixed-to-fixed cross currency swap (Swiss Franc denominated bonds face value of CHF 300,000,000)	(6,361)	(2,031)	749			(7,643)
Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of US\$700,000,000)	(22,835)	(7,290)	23,372			(6,753)
Fixed-to-fixed cross currency swap (Australia dollar denominated bonds face value of AUD 300,000,000)	2,149	686	(76,321)			(73,486)
Fixed-to-fixed cross currency swap (U.S. dollar denominated loan face value of US\$80,577,000)	(4,640)	(1,482)	5,506			(616)
<b>Total liabilities</b>						(88,498)

(\*1) Cash flow hedge accounting has been applied to the relevant contract from May 12, 2010. Others represent gain on valuation of currency swap incurred prior to the application of hedge accounting and was recognized through profit or loss prior to the year ended December 31, 2012.

(\*2) Fair value of the conversion option of convertible bonds held by SK Communications Co., Ltd. amounting to Won 10 million was accounted for as derivative financial assets.

**6. Major Contracts**

[SK Telecom]

(Unit: in 100 millions of Won)

Category	Vendor	Start Date	Completion		Contract Title	Contract Amount
			Date			
Goods	Telcaware Co.	January 22, 2015	December 31, 2015		2014 B2B GOP Unmanned Security System Installation in eastern Korea	118
	Cremotech Co.	April 9, 2015	September 30, 2015		2015 Purchase of Smart Beam Laser Products	58
	Noori Telecom	November 8, 2012	April 30, 2015		2012 B2B Unit Price Contract for Wireless Modems to Remotely Read Meters of KEPCO s Transformer Users	52
Construction	Kocom	January 9, 2015	December 31, 2015		2014 B2B GOP Unmanned Security System Installation in eastern Korea	60
Equipment	Oracle Korea	January 1, 2015	December 31, 2017		2015 B2B SK Planet Oracle DBMS ULA	49
Real Estate	SK Broadband Co., Ltd.	February 1, 2015	January 31, 2016		Namsan Office Building Lease Contract	52
Real Estate	Individuals	January 1, 2015	March 31, 2015		Purchase of land (Jeonju region and 10 others)	113
			Subtotal			502





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[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		Automatically renewed for two years at a time unless specific amendments are requested
KEPCO	Provision of electric facilities	From Jan. 2015 to Dec. 2015 (Unless special reasons arise, the usage period will be renewed annually)	Use of electricity poles
Seoul City Railway	Use of telecommunication line conduits	From Jan. 2012 to Dec. 2014  (Renewal in progress, expected to enter into a contract after deciding technical service unit price, to be applied retroactively to 2015 payments)	Use of railway telecommunication conduit (Serviced areas to expand)
Busan Transportation Corporation	Use of telecommunication line conduits	From July 2009 to July 2013 (Renewal in progress, currently in the process of transitioning to private network system, plans to enter into a contract once completed and the remaining work is confirmed)	Use of railway telecommunication conduit (Serviced areas to expand)
Seoul Metro	Use of telecommunication line conduits	From May 2010 to May 2013 (Renewal in progress, currently in discussion to decide usage unit price, future plans to enter into a contract)	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, in the completion stage of transitioning to private network system, currently reviewing whether to renew contract at the end of 2015)	Use of railway telecommunication conduit (Service lease)

\* Renewal is in progress after negotiation of lower usage fees.

[SK Communications]

Counterparty	Purpose	Contract Period	Contract Amount
Daum Kakao Corp.	Cost-per-click Internet search advertisement		Amount determined based on the number of clicks

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



**Table of Contents****7. R&D Investments**

Set forth below are the Company's R&D expenditures.

(Unit: in millions of Won except percentages)

Category		For the six months ended June 30, 2015	For the year ended December 31, 2014	2013	Remarks
Raw material		775	530	38	
Labor		33,883	71,224	79,865	
Depreciation		71,386	176,975	158,158	
Commissioned service		18,495	67,802	22,923	
Others		26,867	81,221	102,668	
Total R&D costs		151,406	397,752	363,652	
Accounting	Sales and administrative expenses	147,422	390,943	352,385	
	Development expenses (Intangible assets)	3,984	6,809	11,267	
R&D cost / sales amount ratio (Total R&D costs / Current sales amount×100)		1.78%	2.32%	2.19%	

**8. Other information relating to investment decisions****A. Trademark Policies**

The Company manages its corporate brand and other product brands in a comprehensive way to protect and increase their value. The Company's Brand Strategy 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 by providing solutions such as registering and licensing of the brands.

**B. Business-related Intellectual Property**

[SK Telecom]

The Company holds 5,495 Korean-registered patents, 345 U.S.-registered patents, 234 Chinese-registered patents (all including patents held jointly with other companies) and more patents with other countries. The Company holds 944 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 411 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 June 30, 2015, SK Planet held 2,603 registered patents, 117 registered design marks, 1,242 registered trademarks and five copyrights (including those held jointly with other companies) in Korea. It also holds 117 U.S.-registered patents, 88 Chinese-registered patents, 63 Japanese-registered patents, 31 E.U.-registered patents (all including patents held jointly with other companies) and 295 registered trademarks, along with a number of other intellectual property rights in other countries.

[SK Communications]

As of June 30, 2015, SK Communications held 81 registered patents, 26 registered design rights and 703 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****III. FINANCIAL INFORMATION****1. Summary Financial Information (Consolidated and Separate)****A. Summary Financial Information (Consolidated)**

Below is the summary consolidated financial information of the Company as of June 30, 2015, December 31, 2014 and December 31, 2013 and for the six months ended June 30, 2015 and 2014 and the years ended December 31, 2014 and 2013. The Company's reviewed consolidated financial statements as of June 30, 2015 and December 31, 2014 and for the six months ended June 30, 2015 and 2014, which are prepared in accordance with K-IFRS, are attached hereto.

(Unit: in millions of Won except number of companies)

	As of March 31, 2015	As of December 31, 2014	As of December 31, 2013
<b>Assets</b>			
Current Assets	5,180,521	5,083,148	5,123,415
Cash and Cash Equivalents	829,659	834,429	1,398,639
Accounts Receivable Trade, net	2,443,502	2,392,150	2,257,316
Accounts Receivable Other, net	697,103	690,527	643,603
Others	1,210,257	1,166,042	823,857
Non-Current Assets	22,860,985	22,858,085	21,453,100
Long-Term Investment Securities	1,149,319	956,280	968,527
Investments in Associates and Joint Ventures	6,581,767	6,298,088	5,325,297
Property and Equipment, net	10,252,498	10,567,701	10,196,607
Intangible Assets, net	2,298,574	2,483,994	2,750,782
Goodwill	1,930,205	1,917,595	1,733,261
Others	648,622	634,427	478,626
Total Assets	28,041,506	27,941,233	26,576,515
<b>Liabilities</b>			
Current Liabilities	5,308,391	5,420,310	6,069,220
Non-Current Liabilities	7,415,528	7,272,653	6,340,738
Total Liabilities	12,723,919	12,692,963	12,409,958
<b>Equity</b>			
Equity Attributable to Owners of the Parent Company	15,187,526	14,506,739	13,452,372
Share Capital	44,639	44,639	44,639
Capital Surplus (Deficit) and Other Capital Adjustments	662,455	277,998	317,508
Retained Earnings	14,421,043	14,188,591	13,102,495
Reserves	59,389	(4,489)	(12,270)
Non-controlling Interests	130,061	741,531	714,185
Total Equity	15,317,587	15,248,270	14,166,557
Total Liabilities and Equity	28,041,506	27,941,233	26,576,515
Number of Companies Consolidated	39	40	28

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

	For the six months ended June 30, 2015	For the six months ended June 30, 2014	For the year ended December 31, 2014	For the year ended December 31, 2013
Operating Revenue	8,496,025	8,507,288	17,163,798	16,602,054
Operating Income	815,526	798,490	1,825,105	2,011,109
Profit Before Income Tax	1,075,605	940,583	2,253,828	1,827,101

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Profit for the Period	840,635	764,948	1,799,320	1,609,549
Profit for the Period Attributable to Owners of the Parent Company	840,334	768,350	1,801,178	1,638,964
Profit for the Period Attributable to Non-controlling Interests	301	(3,402)	(1,858)	(29,415)
Basic Earnings Per Share (Won)	11,695	10,713	25,154	20,708
Diluted Earnings Per Share (Won)	11,695	10,713	25,154	23,211

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## B. Summary Financial Information (Separate)

Below is the summary separate financial information of the Company as of June 30, 2015, December 31, 2014 and December 31, 2013 and for the six months ended June 30, 2015 and 2014 and the years ended December 31, 2014 and 2013. The Company's reviewed separate financial statements as of June 30, 2015 and December 31, 2014 and for the six months ended June 30, 2015 and 2014, which are prepared in accordance with K-IFRS, are attached hereto.

(Unit: in millions of Won)

	As of June 30, 2015	As of December 31, 2014	As of December 31, 2013
<b>Assets</b>			
Current Assets	2,685,875	2,689,913	2,817,782
Cash and Cash Equivalents	155,687	248,311	448,459
Accounts Receivable Trade, net	1,597,007	1,559,281	1,513,138
Accounts Receivable Other, net	300,037	305,990	388,475
Others	633,144	576,331	467,710
Non-Current Assets	20,177,570	20,022,549	20,009,637
Long-Term Investment Securities	731,379	608,797	729,703
Investments in Subsidiaries and Associates	8,674,128	8,181,769	8,010,121
Property and Equipment, net	7,423,274	7,705,906	7,459,986
Intangible Assets, net	1,755,891	1,928,169	2,239,167
Goodwill	1,306,236	1,306,236	1,306,236
Others	286,662	291,672	264,424
Total Assets	22,863,445	22,712,462	22,827,419
<b>Liabilities</b>			
Current Liabilities	3,456,046	3,378,046	4,288,073
Non-Current Liabilities	5,601,032	5,792,195	5,223,938
Total Liabilities	9,057,078	9,170,241	9,512,011
<b>Equity</b>			
Share Capital	44,639	44,639	44,639
Capital Surplus and Other Capital Adjustments	845,966	433,894	433,894
Retained Earnings	12,917,835	12,996,790	12,665,699
Reserves	(2,073)	66,898	171,176
Total Equity	13,806,367	13,542,221	13,315,408
Total Liabilities and Equity	22,863,445	22,712,462	22,827,419

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

	For the six months ended June 30, 2015	For the six months ended June 30, 2014	For the year ended December 31, 2014	For the year ended December 31, 2013
Operating Revenue	6,277,222	6,528,313	13,012,644	12,860,379
Operating Income	803,916	778,959	1,737,160	1,969,684
Profit Before Income Tax	698,142	640,379	1,321,750	1,220,797
Profit for the Period	527,783	516,907	1,028,541	910,157
Basic Earnings Per Share (Won)	7,301	7,168	14,262	12,837
Diluted Earnings Per Share (Won)	7,301	7,168	14,262	12,837

**Table of Contents****2. Other Matters Related to Financial Information**

## A. Restatement of the Financial Statements

Not applicable.

## B. Allowance for Doubtful Accounts

## (1) Allowance for Doubtful Accounts of Trade and Other Receivables

(Unit: in millions of Won)

		<b>For the six months ended June 30, 2015</b>		
		<b>Allowance for Doubtful</b>		
		<b>Gross amount</b>	<b>Accounts</b>	<b>Percentage</b>
Accounts receivable	trade	2,743,758	235,262	9%
Loans		118,296	27,350	23%
Accounts receivable	other	780,748	79,987	10%
Accrued income		10,264		0%
Guarantee deposits		301,121		0%
<b>Total</b>		<b>3,954,187</b>	<b>342,599</b>	<b>9%</b>

(Unit: in millions of Won)

		<b>For the year ended December 31, 2014</b>		
		<b>Allowance for</b>		
		<b>Gross amount</b>	<b>Doubtful Accounts</b>	<b>Percentage</b>
Accounts receivable	trade	2,682,595	221,909	8%
Loans		157,934	27,694	18%
Accounts receivable	other	772,711	78,588	10%
Accrued income		10,134		0%
Guarantee deposits		289,009		0%
<b>Total</b>		<b>3,912,383</b>	<b>328,191</b>	<b>8%</b>

(Unit: in millions of Won)

		<b>For the year ended December 31, 2013</b>		
		<b>Allowance for Doubtful</b>		
		<b>Gross amount</b>	<b>Accounts</b>	<b>Percentage</b>
Accounts receivable	trade	2,495,155	224,685	9%
Loans		164,306	27,469	17%
Accounts receivable	other	715,405	71,802	10%
Accrued income		11,970	29	0%
Guarantee deposits		252,148		0%
<b>Total</b>		<b>3,638,984</b>	<b>323,985</b>	<b>9%</b>

## (2) Movements in Allowance for Doubtful Accounts of Trade and Other Receivables

(Unit: in millions of Won)



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	For the six months ended June 30, 2015	For the year ended December 31, 2014	For the year ended December 31, 2013
<b>Beginning balance</b>	328,191	323,985	300,668
Increase of allowance for doubtful accounts	39,029	63,697	79,330
Reversal of allowance for doubtful accounts			(359)
Write-offs	(38,911)	(89,529)	(76,697)
Other	14,250	30,039	21,042
<b>Ending balance</b>	342,599	328,191	323,985

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## (3) Policies for Allowance for Doubtful Accounts

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 and past customer default experience for the past two years. With respect to trade receivables relating to wireless telecommunications services, the Company considers the likelihood of recovery based on past customer default experience and the length of default in connection with the type of default (e.g., whether the customer's service has been terminated or is continued). For such trade receivables that have been overdue for more than two years after the customer's service has been terminated, the Company records an allowance of 100% of such receivables. For such trade receivables that have been overdue for less than two years after the customer's service has been terminated, or relates to a customer that is continuing his service, the Company records an allowance of a certain percentage of such receivable. Consistent with customary practice, the Company writes off trade and other receivables for which the prescription period has passed or that are determined to be impossible or economically too costly to collect, including receivables that are less than Won 200,000 and more than six months overdue and receivables that have been determined to be the subject of identity theft.

## (4) Aging of Accounts Receivable

(Unit: in millions of Won)

	As of June 30, 2015				Total
	Six months or less	From six months to one year	From one year to three years	More than three years	
Accounts receivable trade	2,446,490	56,741	159,779	80,748	2,743,758
Percentage	89.2%	2.1%	5.8%	2.9%	100.0%

## C. Inventories

## (1) Detailed Categories of Inventories

(Unit: in millions of Won)

Account Category	For the six months		
	ended June 30, 2015	For the year ended December 31, 2014	For the year ended December 31, 2013
Merchandise	249,932	246,738	161,928
Goods in transit			
Other inventories	32,939	20,929	15,192
Total	282,871	267,667	177,120
Percentage of inventories to total assets [ Inventories / Total assets ]	1.01%	0.96%	0.67%
Inventory turnover [ Cost of sales / { ( Beginning balance of inventories + Ending balance of inventories ) / 2 } ]	6.84	7.55	6.20

## (2) Reporting of Inventories

The Company holds handsets, ICT equipment for offline sales, etc. in inventory. The Company conducts physical due diligence of its inventories with its auditors at the end of each year.

## D. Fair Value Measurement

See notes 4(5) to 4(7) and 4(16) of the notes to our audited consolidated financial statements as of and for the years ended December 31, 2014 and 2013 for more information.



**Table of Contents****IV. AUDITOR S OPINION****1. Auditor (Consolidated)**

Six months ended June 30,

2015

KPMG Samjong Accounting Corp.

Year ended December 31,  
2014

KPMG Samjong Accounting Corp.

Year ended December 31,  
2013

KPMG Samjong Accounting Corp.

**2. Audit Opinion (Consolidated)****Period**

Six months ended June 30, 2015

Year ended December 31, 2014

Year ended December 31, 2013

**Auditor s opinion**

Unqualified

Unqualified

**Issues noted**

N/A

N/A

**3. Auditor (Separate)**

Six months ended March 31,

2015

KPMG Samjong Accounting Corp.

Year ended December 31,  
2014

KPMG Samjong Accounting Corp.

Year ended December 31,  
2013

KPMG Samjong Accounting Corp.

**4. Audit Opinion (Separate)****Period**

Six months ended June 30, 2015

Year ended December 31, 2014

Year ended December 31, 2013

**Auditor s opinion**

Unqualified

Unqualified

**Issues noted**

N/A

N/A

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

(Unit: in thousands of Won except number of hours)

Fiscal Year	Auditors	Contents	Fee	Total number of hours accumulated for the fiscal year
Year ended December 31, 2015	KPMG Samjong Accounting Corp.	Semi-annual review Quarterly review Separate financial statements audit Consolidated financial statements audit English financial statements review and other audit task	1,320,000	19,008

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Year ended December 31, 2014	KPMG Samjong Accounting Corp.	Semi-annual review		
		Quarterly review		
		Separate financial statements audit	1,280,000	17,890
		Consolidated financial statements audit		
Year ended December 31, 2013	KPMG Samjong Accounting Corp.	English financial statements review and other audit task		
		Semi-annual review		
		Quarterly review		
		Separate financial statements audit	1,250,000	17,796
		Consolidated financial statements audit		
		English financial statements review and other audit task		

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

(Unit: in millions of Won)

Period	Contract date	Service provided	Service duration	Fee
Year ended December 31, 2015	January 9, 2015	Audit of public WiFi	Jan. 9-Jan. 23, 2015	85
	March 18, 2014	Due diligence of assets	March 18- April 2, 2014	50
Year ended December 31, 2014	May 28, 2014	Tax advice	May 28- September 23, 2014	42
	June 12, 2014	Review revised local tax laws	June 12- July 14, 2014	22
Year ended December 31, 2013	N/A			

**6. Change of Independent Auditors**

Not applicable.

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**V. MANAGEMENT'S DISCUSSION AND ANALYSIS**

Omitted in quarterly and semi-annual reports in accordance with Korean disclosure rules.

**VI. CORPORATE ORGANIZATION INCLUDING BOARD OF DIRECTORS**

**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 six members: four independent directors and two 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 July 31, 2015)	
Total number of persons	Inside directors	Independent directors
6	Dong Hyun Jang, Dae Sik Cho	Jae Hyeon Ahn, Dae Shick Oh, Jae Hoon Lee, Jay Young Chung

At the 31st General Meeting of Shareholders held on March 20, 2015, Dong Hyun Jang was newly elected as an inside director. At the meeting of the Board of Directors held on March 20, 2015, Jay Young Chung was appointed as the chairman of the Board of Directors.

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

Meeting	Date	Agenda	Approval
		Financial statements as of and for the year ended December 31, 2014	Approved as proposed
		Annual business report as of and for the year ended December 31, 2014	Approved as proposed
371st (the 1st meeting of 2015)	February 5, 2015	Bond offering	Approved as proposed
		Lease contract of Namsan office building with SK Broadband	Approved as proposed
		Report of internal accounting management	
		Report for the period after the fourth quarter of 2014	

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372nd  (the 2nd meeting of 2015)	February 24, 2015	Convocation of the 31st General Meeting of Shareholders	Approved as proposed
		Report of internal accounting management	
		Election of the representative director	Approved as proposed
		Election of the chairman of the Board of Directors	Approved as proposed
373rd  (the 3rd meeting of 2015)	March 20, 2015	Election of committee members	Approved as proposed
		Financial transactions with affiliated company (SK Securities)	Approved as proposed
		Share Exchange with SK Broadband	Approved as proposed
		Disposal of treasury shares	Approved as proposed
		Additional investment in Neosnetworks	Approved as proposed
374th  (the 4th meeting of 2015)	April 23, 2015	Reappointment of compliance officer	Approved as proposed
		Provision of funds for management of the 2015 SUPEX meetings	Approved as proposed
375th  (the 5th meeting of 2015)	May 6, 2015	Report for the period after the first quarter of 2015	
		Approval of Share Exchange Agreement with SK Broadband	Approved as proposed
376th  (the 6th meeting of 2015)	May 29, 2015	Purchase of SK Broadband shares	Approved as proposed
		Report in relation to the equity spinoff for SK Planet's cloud streaming business	



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Meeting	Date	Agenda	Approval
		Transactions with SK C&C in the third quarter of 2015	Approved as proposed
		Transactions with INFOSEC Co., Ltd. in the third quarter of 2015	Approved as proposed
377 <sup>th</sup> (the 7th meeting of 2015)	June 25, 2015	Bond offering	Approved as proposed
		Transactions regarding corporate shares with affiliated company (SK Securities)	Approved as proposed
		Financial transactions with affiliated company (SK Securities)	Approved as proposed
		Service transactions with SK (China) Enterprise Management Co., Ltd.	Approved as proposed
		Investment in Entrix Co., Ltd.	Approved as proposed
		Extension of maturity of KIF (Korea IT Fund)	Approved as proposed
378 <sup>th</sup> (the 8th meeting of 2015)	July 23, 2015	Extension of SK Telecom's CVC	Approved as proposed
		Payment of interim dividends	Approved as proposed
		Report on the financial results for the first half of 2015	
		Report for the period after the second quarter of 2015	
		Status of SK Telecom's media business	

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

\* The term of Hyun Jin Lim ended on March 20, 2015.

### C. Committees within Board of Directors

(1) Committee structure (as of July 31, 2015)

(a) Compensation Review Committee

Total number of persons	Inside Directors	Members		Task
		Independent Directors		
3		Jay Young Chung, Jae Hoon Lee, Dae Shick Oh		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

Total number of persons	Inside Directors	Members		Task
		Independent Directors		
4		Jae Hoon Lee, Jay Young Chung, Dae Shick Oh, Jae Hyeon Ahn		Review major investment plans and changes thereto

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

(c) Corporate Citizenship Committee

Total number of persons	Inside Directors	Members		Task
		Independent Directors		
3		Jae Hyeon Ahn, Jay Young Chung, Dae Shick Oh		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

Total number of persons	Inside Directors	Members		Task
		Independent Directors		
3	Dong Hyun Jang	Jae Hyeon Ahn, Jae Hoon Lee		Nomination of independent directors

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

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(e) Audit Committee

Total number of persons	Members		Task
	Inside Directors	Independent Directors	
3		Dae Shick Oh, Jae Hoon Lee, Jae Hyeon Ahn	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 the Korean Commercial Code.

**2. Audit System**

The Company's Audit Committee consists of three independent directors, Dae Shick Oh, Jae Hoon Lee and Jae Hyeon Ahn.

Major activities of the Audit Committee as of July 31, 2015 are set forth below.

Meeting	Date	Agenda	Approval
		Report of internal accounting management system	
		Review of business and audit results for the second half of 2014 and business and audit plans for 2015	
The 1st meeting of 2015	February 4, 2015	Evaluation of internal monitoring controls based on the opinion of the members of the Audit Committee	Approved as proposed
		Service contract with SKTCH	Approved as proposed
		Transactions with INFOSEC Co., Ltd. in the first quarter of 2015	Approved as proposed
The 2nd meeting of 2015	February 23, 2015	Engagement of Independent Auditing Firm for 2015 to 2017 Report on the IFRS audit of fiscal year 2014	Approved as proposed
		Report on review of 2014 internal accounting management system	

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		Evaluation of internal accounting management system operation	Approved as proposed
		Agenda and document review for the 31st General Meeting of Shareholders	Approved as proposed
		Auditor s report for fiscal year 2014	Approved as proposed
		Construction of fixed-line and wireless networks in 2015	Approved as proposed
		Contract for payment of customer appreciation gifts in 2015	Approved as proposed
		Transactions with SK C&C Co., Ltd. in the second quarter of 2015	Approved as proposed
The 3rd meeting of 2015	March 19, 2015	Transactions with INFOSEC Co., Ltd. in the second quarter of 2015	Approved as proposed
		Transaction with SK Planet Co., Ltd. for VIP program in 2015	Approved as proposed
		Election of the chairman	Approved as proposed
		Purchase of maintenance, repair and operations items from Happynarae Co., Ltd.	Approved as proposed
The 4th meeting of 2015	April 22, 2015	Remuneration for outside auditors for fiscal year 2015	Approved as proposed
		Outside auditor service plan for fiscal year 2015	Approved as proposed
		Audit plan for fiscal year 2015	
The 5th meeting of 2015	May 29, 2015	Construction of fixed-line and wireless networks in 2015	Approved as proposed
The 6th meeting of 2015	July 22, 2015	Remuneration increase for outside auditors for fiscal year 2015	Approved as proposed
		Review report of outside auditors for the first half of fiscal year 2015	

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Review of business and audit results for the first half of 2015 and business and audit plans for the second half of 2015

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

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**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 held in 2003.

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

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

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

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

(As of June 30, 2015)

(Unit: in shares and percentages)

Name	Relationship	Type of share	Number of shares owned and ownership ratio			
			Beginning of Period		End of Period	
			Number of shares	Ownership ratio	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	4,000	0.00	1,067	0.00
Dong Hyun Jang	Officer of the Company	Common share	0	0.00	251	0.00
Myung Hyun Cho	Officer of affiliated company	Common share	0	0.00	136	0.00
	Total	Common share	20,367,552	25.22	20,365,006	25.22

## B. Overview of the Largest Shareholder

SK Holdings Co., Ltd. ( SK Holdings ) is a holding company in accordance with the Fair Trade Act and as of June 30, 2015, has nine subsidiaries: SK Innovation Co., Ltd., SK Telecom Co., Ltd., SK Networks Co., Ltd., SKC Co., Ltd., SK E&C Co., Ltd., SK Shipping 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%	905,691	Trading and Energy	Publicly Listed
SKC Co., Ltd.	41.9%	254,632	PET Film Manufacturing and Chemical Products	Publicly Listed
SK E&C Co., Ltd.	44.5%	470,014	Infrastructure, Architectural Housing and Plant Construction	Privately Held
SK Shipping Co., Ltd.	83.1%	420,568	Ocean Freight	Privately Held
SK E&S Co., Ltd.	94.1%	1,026,307	Gas Company Holdings and Power Generation	Privately Held
SK Biofarm Co., Ltd.	100.0%	328,702	Biotechnology	Privately Held
SK Forest Co., Ltd.	100.0%	61,387	Forestry and Landscaping	Privately Held

\* The above shareholdings are based on common share holdings as of June 30, 2015.

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.

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The rule is applicable to subsidiaries whose book value of the holding company's shareholding exceeds 10% of their total assets based on the financial statements as of December 31, 2014. SK Innovation Co., Ltd. and SK Telecom Co., Ltd. are two such subsidiaries.

**2. Matters Relevant to the Largest Shareholder**

SK Holdings, the company's largest shareholder, resolved to merge with and into SK C&C through the approval of the board of directors on April 20, 2015 and the approval of the shareholders on June 26, 2015. On August 3, 2015, SK Holdings merged with and into SK C&C such that SK Holdings was dissolved and SK C&C (which was renamed SK Holdings) became the largest shareholder of the Company.

It is expected that the combination of SK C&C's growth potential based on ICT capabilities and SK Holdings' resources will lead to an improved financial structure and provide for enhanced capacity to discover new growth engines, thus leading to greater competitiveness of the two companies.

- Surviving entity: SK C&C
- Name of the surviving entity after the merger: SK Holdings
- Merger Ratio:
  - Common share of SK C&C : Common share of SK Holdings = 1 : 0.7367839
  - Preferred share of SK C&C : Preferred share of SK Holdings = 1 : 1.1102438

**3. Changes in Shareholdings of the Largest Shareholder**

Changes in shareholdings of the largest shareholder are as follows.

(As of June 30, 2015)

(Unit: in shares and percentages)

Largest Shareholder	Date of the change in the largest shareholder/ Date of change in shareholding	Shares Held	Holding Ratio	Remarks
	January 31, 2012	20,366,290	25.22	Retirement of Bang Hyung Lee, a former officer of an affiliated company (ownership of 200 shares of the Company)
	January 2, 2014	20,367,290	25.22	Shin Won Chey, SKC's Chairman, purchased 1,000 shares
	March 24, 2014	20,368,290	25.23	Shin Won Chey, SKC's Chairman, purchased 1,000 shares
	January 2, 2015	20,364,290	25.22	Shin Won Chey, SKC's Chairman, disposed of 4,000 shares
SK Holdings	March 20, 2015	20,363,803	25.22	Appointment of CEO Dong Hyun Jang (ownership of 251 shares of the Company), Retirement of Sung Min Ha
	June 9, 2015	20,365,006	25.22	Purchase through the Share Exchange between SK Broadband and SK Telecom (Shin Won Chey, SKC's Chairman, purchased 1,067 shares, and Myung Hyun Cho, SK Broadband's independent director, purchased 136 shares)

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





**Table of Contents****4. Distribution of Shares**

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

(As of June 30, 2015)

(Unit: in shares and percentages)

Rank	Name (title)	Number of shares	Common share		Remarks
			Ownership ratio		
1	Citibank ADR	9,974,658	12.35		
2	SK Holdings	20,363,452	25.22		
3	SK Telecom	8,116,551	10.05		Treasury shares
4	National Pension Service	6,403,901	7.93		
	Shareholdings under the Employee Stock Ownership Program	209	0.00		

## B. Shareholder Distribution

(As of June 30, 2015)

(Unit: in shares and percentages)

Classification	Number of shareholders	Ratio (%)	Number of shares	Ratio (%)	Remarks
Total minority shareholders*	56,778	99.87%	34,906,951	43.23%	

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

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

## A. Domestic Securities Market

(Unit: in Won and shares)

Types		June 2015	May 2015	April 2015	March 2015	February 2015	January 2015
		<b>Common stock</b>	<b>Highest</b>	262,500	281,500	293,500	290,500
	<b>Lowest</b>	240,500	246,500	262,500	269,000	274,000	264,000
<b>Monthly transaction volume</b>		3,727,042	4,782,569	4,506,099	3,612,290	2,153,718	3,341,160

## B. Foreign Securities Market

New York Stock Exchange

(Unit: in U.S. dollars and number of American Depositary Receipts)

Types		June 2015	May 2015	April 2015	March 2015	February 2015	January 2015
		<b>Depository Receipt</b>	<b>Highest</b>	26.00	29.61	30.07	29.30
	<b>Lowest</b>	23.96	24.44	26.49	26.22	27.65	26.78
<b>Monthly transaction volume</b>		11,842,065	13,521,822	12,349,916	14,783,781	14,057,769	19,189,999

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

(As of June 30, 2015)

(Unit: in persons and millions of Won)

Classification	Number of employees			Total	Average service year	Aggregate wage for the year 2015	Average wage per person	Remarks
	Regular employees	Contract employees	Others					
Male	3,372	190		3,562	12.5	232,063	64	
Female	475	103		578	9.4	26,606	45	
Total	3,847	293		4,140	12.1	258,669	62	

\* Based on Section 9-1-2 (Employee Status) of the Corporate Disclosure Guidelines (amended as of February 2015).

\* Average wage per person was calculated based on the average number of employees for the six months ended June 30, 2015 (Total: 4,199, Male: 3,612 Female: 587)

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

(As of June 30, 2015)

(Unit: in millions of Won)

Classification	Number of Directors	Aggregate Amount Approved
Directors	6	12,000

**B. Amount Paid**

(As of June 30, 2015)

(Unit: in millions of Won)

Classification	Number of Directors*	Aggregate Amount Paid	Average Amount Paid Per Director
Insider Directors	4	1,927	482
Independent Directors	2	70	35
Audit Committee Members	3	105	35
Total	9	2,102	

\* Includes three directors whose terms have expired as of March 31, 2015.

**3. Individual Compensation of Directors**

(As of June 30, 2015)

(Unit: in millions of Won)

Name	Title	Aggregate Amount Paid
Sung Min Ha	Chief Executive Officer and President	716



**Table of Contents****IX. RELATED PARTY TRANSACTIONS****1. Line of Credit Extended to the Largest Shareholder**

(Unit: in millions of Won)

Name (Corporate name)	Relationship	Account category	Change details		Ending	Accrued interest	Remarks
			Beginning	Increase Decrease			
SK Wyverns	Affiliate	Long-term and short-term loans	1,221		1,221		

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

(Unit: in millions of Won)

Name (Corporate name)	Relationship	Investment	Transaction		Transaction items	Transaction amount
			date	Base date		
Neosnetworks	Affiliate	Acquisition of shares	April 29, 2015		Registered common shares	39,999

**B. Acquisition and Sale of Securities**

(Unit: in millions of Won)

Name (Corporate name)	Relationship	Investment	Transaction		Transaction items	Transaction amount
			date	Base date		
SK Broadband	Affiliate	Purchase of shares	June 1, 2015		Registered common shares	186,817

**C. Transfer of Assets**

(Unit: in millions of Won)

Name (Corporate name)	Relationship	Transferred Assets	Details				Remarks
			Purpose of Transfer	Date of Transfer	Purchase Price	Sale Price	
SK Broadband	Affiliate	Vehicles and transportation equipment	Disposition of assets	March 17, 2015		32	
SK Planet	Affiliate	Machinery and equipment	Disposition of assets	March 31, 2015		1	
PS&Marketing	Affiliate	Vehicles, computer software and trademark rights	Transfer of Business	April 30, 2015		152	

Total  
D. Transfer of Business

185

None.

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**Table of Contents****3. Transactions with the Largest Shareholder**

(Unit: in millions of Won)

Name (Corporate name)	Relationship	Investment	Transaction period	Transaction items	Transaction amount
PS&Marketing	Affiliate	Sales/Purchases	January 1, 2015 to June 30, 2015	Marketing commissions, etc.	416,028
SK Broadband	Affiliate	Sales/Purchases	January 1, 2015 to June 30, 2015	Interconnection revenues, etc.	325,277

**4. Related Party Transactions**

See note 33 of the notes to our consolidated financial statements attached hereto for more information regarding related party transactions.

**5. 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 category	Beginning	Change details		Ending	Accrued interest	Remarks
				Increase	Decrease			
Baekmajang and others	Agency	Long-term and short-term loans	82,739	153,283	(203,887)	32,135		
Daehan Kanggun BCN Inc.	Investee	Long-term loans	22,147			22,147		
Wave City Development, Inc.	Investee	Short-term loans	1,200	500		1,700		

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

None.

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

<b>Date</b>	<b>Agenda</b>	<b>Resolution</b>
	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)
27th Fiscal Year Meeting of Shareholders (March 11, 2011)	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)
1st Extraordinary Meeting of Shareholders of 2011 (August 31, 2011)	Election of independent directors as Audit Committee members	
	1. Approval of the Spin-off Plan	Approved (Spin-off of SK Planet)
	2. Election of director	Approved (Jun Ho Kim)
28th 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



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	3. Election of directors	Approved (Young Tae Kim)
	Election of an inside director	Approved (Dong Seob Jee)
	Election of an inside director	Approved (Hyun Chin Lim)
	Election of an independent director	Approved (Hyun Chin Lim)
	4. Election of an independent director as Audit Committee member	Approved (Won 12 billion)
	5. Approval of remuneration limit for directors	
29th Fiscal Year Meeting of Shareholders (March 22, 2013)	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	Approved (Dae Shick Oh)
	4. Election of an independent director as Audit Committee member	Approved (Won 12 billion)
	5. Approval of remuneration limit for directors	
30th Fiscal Year Meeting of Shareholders (March 21, 2014)	1. Approval of the financial statements for the year ended December 31, 2013	Approved (Cash dividend, Won 8,400 per share)
		Approved

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2. Amendments to Articles of Incorporation
  
  3. Election of directors  
  
Election of an inside director  
  
Election of an independent director  
  
Election of an independent director  
  
Election of an independent director
  
  4. Election of an independent director as Audit Committee member
  
  5. Approval of remuneration limit for directors
- Approved (Sung Min Ha)
- Approved (Jay Young Chung)
- Approved (Jae Hoon Lee)
- Approved (Jae Hyeon Ahn)
- Approved (Jae Hyeon Ahn)
- Approved (Won 12 billion)

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<b>Date</b>	<b>Agenda</b>	<b>Resolution</b>
	1. Approval of the financial statements for the year ended December 31, 2014	Approved (Cash dividend, Won 8,400 per share)
	2. Amendments to Articles of Incorporation	Approved
31st Fiscal Year Meeting of Shareholders  (March 20, 2015)	3. Election of directors	Approved (Dong Hyun Jang)
	Election of an inside director	Approved (Jae Hoon Lee)
	4. Election of an independent director as Audit Committee member	Approved (Won 12 billion)
	5. Approval of remuneration limit for directors	

**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 filed an appeal at the Supreme Court of Korea and the judgment was overturned on July 11, 2013. The case was remanded down to the appellate court which ruled in favor of the Company on September 4, 2014. KOMCA filed an appeal at the Supreme Court of Korea, and on January 15, 2015, the Supreme Court of Korea affirmed the Seoul High Court s decision. There is no impact on the Company s business or results of operation as the final outcome of this litigation has been rendered in favor of the Company.

B. Other Matters

None.

**[SK Broadband]**

A. Material Legal Proceedings

(1) SK Broadband as the plaintiff

(Unit: in thousands of Won)

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Description of Proceedings	Date of Commencement of Proceedings	Amount of Claim	Status
Dispute to dismiss an order to compensate for damages	October 2014	715,121	Pending before district court
Others		287,364	
<b>Total</b>		<b>1,002,485</b>	

(2) SK Broadband as the defendant

(Unit: in thousands of Won)

Description of Proceedings	Date of Commencement of Proceedings	Amount of Claim	Status
Damages claim by Haein Networks Co., Ltd.	March 2013	101,000	Pending before district court
Damages claim by Mag Telecom Co., Ltd. and others	January 2012	606,000	Pending before district court
Damages claim by GT Com Co., Ltd.	March 2014	101,000	Pending before district court
Others		278,358	
<b>Total</b>		<b>1,086,358</b>	

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The Company does not believe that the outcome of any of the proceedings in which SK Broadband is named as a defendant will have a material effect on the Company's financial statements.

**B. Other Contingent Liabilities****(1) Pledged assets and covenants**

SK Broadband, upon approval by its board of directors, has provided guarantees for financial instruments amounting to Won 1,775 million to support employees' funding for the Employee Stock Ownership Program.

Additionally, SK Broadband has provided geun mortgage amounting to Won 16.1 billion to others, including Ilsan Guksa, on a part of its buildings in connection with the leasing of the buildings. Seoul Guarantee Insurance Company has provided a performance guarantee of Won 16.6 billion to SK Broadband in connection with the performance of certain contracts and the repair of any defects.

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

As of June 30, 2015, there were three pending cases proceeding with SK Planet as the defendant, and the aggregate amount of the claim was Won 43.9 million. The management cannot reasonably forecast the outcome of this case, and no amount in connection with this proceeding was recognized on the Company's financial statements.

**B. Other Contingent Liabilities**

None.

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

As of June 30, 2015, the aggregate amount of claims was Won 1.4 billion. The Company successfully defended some but not all suits relating to a leak of personal information of subscribers of NATE. Relevant proceedings remain pending at various courts in Korea. The management cannot reasonably forecast the outcome of the pending proceedings, and as a result, adjustments were not made in the financial statements of the Company. The Company does not believe that the outcome of any of the proceedings in which SK Communications is named as a defendant will have a material effect on the Company's financial statements.

**B. Other Contingent Liabilities**

The material payment guarantees provided by third parties to SK Communications as of June 30, 2015 are set forth in the table below.

(Unit: in thousands of Won)

<b>Financial Institution</b>	<b>Guarantee</b>	<b>Amount</b>
Seoul Guarantee Insurance Company	Prepaid coverage payment guarantee	700,000
	Provisional deposit guarantee insurance for bonds	873,000
	Support for production and publication of cartoon series	160,000
<b>Total</b>		<b>1,733,000</b>

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### **[PS&Marketing]**

#### A. Other Contingent Liabilities

Shinhan Bank has provided a payment guarantee of Won 3 billion for PS&Marketing's purchase of mobile devices from Apple Korea Ltd.

### **3. Status of sanctions, etc.**

### **[SK Telecom]**

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 filed an administrative proceeding to appeal the order and the Seoul High Court ruled against it on October 29, 2014. The Company appealed the decision, and the case is currently pending before the Supreme Court of Korea.

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 Fair Trade Commission issued correctional orders and imposed fines on the Company and seven affiliated companies for alleged unfair advantage provided to SK C&C, an affiliated company, in services fees for information technology system management and operation. The Company and SK Planet were imposed fines of Won 25,042 million and Won 1,349 million, respectively. The Company and the seven affiliated companies appealed the orders and on May 14, 2014, won the suit at the Seoul High Court. The Fair Trade Commission appealed the decision, and the case is currently pending before the Supreme Court of Korea.

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 subsidies 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 subsidies to subscribers. The Company paid the fine and completed the improvement of the procedures in consultation with the Korea Communications Commission by April 2013.

On July 18, 2013, the Korea Communications Commission imposed on the Company a fine of Won 36.5 billion and issued a correctional order for providing discriminatory subsidies to subscribers. The Company paid the fine and reported to the Korea Communications Commission on the implementation of actions pursuant to the correctional order by August 2013.

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On August 21, 2013, the Company received a correctional order from the Korea Communications Commission in connection with its decision on whether the Company had violated procedural regulations related to terms and conditions of usage. The Company completed the improvement of the procedures in consultation with the Korea Communications Commission by November 2013.

On September 16, 2013, 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 wholesale provision of telecommunication services. The Company completed the improvement of the procedures and reported to the Korea Communications Commission on the implementation of actions pursuant to the correctional order by October 2013.

On November 15, 2013, the Korea Communications Commission imposed a fine of Won 676 million and issued a correctional order for limiting termination of telecommunication services. The Company paid the fine and completed the improvement of the procedures and reported to the Korea Communications Commission on the implementation of actions pursuant to the correctional order by December 2013.

On December 27, 2013, the Korea Communications Commission imposed on the Company a fine of Won 56.0 billion and issued a correctional order for providing discriminatory subsidies to subscribers. The Company paid the fine and completed the improvement of the procedures and reported to the Korea Communications Commission on the implementation of actions pursuant to the correctional order by January 2014.

On March 7, 2014, the MSIP imposed a suspension of operations for 45 days for failure to observe the order of the Korea Communications Commission to cease providing discriminatory subsidies to subscribers. The Company suspended its operations during the period between April 5, 2014 and May 19, 2014, and reported to the MSIP on the implementation of actions pursuant to the suspension order by May 2014.

On March 13, 2014, the Korea Communications Commission imposed on the Company a fine of Won 16.65 billion, imposed a suspension on acquiring new customers for 7 days, and issued a correctional order for providing discriminatory subsidies to subscribers. In April 2014, the Company paid the fine and completed the improvement of the procedures and reported to the Korea Communications Commission on the implementation of actions pursuant to the correctional order by April 2014. The Company suspended acquisition of new customers during the period beginning September 11, 2014 and ending September 17, 2014, and reported to the Korea Communications Commission on the implementation of actions pursuant to the correctional order by September 2014.

On January 31, 2013, the Seoul Central District Court acquitted Mr. Jae Won Chey, our former director and vice chairman, on all charges against him. On September 27, 2013, the Seoul High Court reversed the acquittal of the above-mentioned former director, sentencing him to a prison term of three and a half years for violating the Act on the Aggravated Punishment, etc. of Specific Economic Crimes. On February 27, 2014, the Supreme Court of Korea affirmed the Seoul High Court's decision. While the court's final decision on the appealed case is not expected to have a material effect on the Company's financial position, investors should note that it is difficult to predict, among others, the market's assessment of such case.

On August 21, 2014, the Korea Communications Commission imposed on the Company a fine of Won 37.1 billion and issued a correctional order for providing discriminatory subsidies to subscribers. The Company paid the fine and completed the improvement of the procedures and reported to the Korea Communications Commission on the implementation of actions pursuant to the correctional order by September 2014.

On December 4, 2014, the Korea Communications Commission imposed on the Company a fine of Won 800 million and issued a correctional order for violating the Mobile Device Distribution Improvement Act. The Company paid the fine and completed the improvement of the procedures and reported to the Korea Communications Commission on the implementation of actions pursuant to the correctional order by January 2015.

On March 12, 2015, the Korea Communications Commission imposed on the Company a fine of Won 934 million and issued a correctional order for violating the Mobile Device Distribution Improvement Act with respect to the Company's compensation programs for used handsets. The Company paid the fine and completed the improvement of the procedures and reported to the Korea Communications Commission on the implementation of actions pursuant to the correctional order by April 2015.

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On March 26, 2015, the Korea Communications Commission imposed on the Company a fine of Won 23.5 billion, imposed a suspension on acquiring new customers for seven days, and issued a correctional order for violating the Mobile Device Distribution Improvement Act. The Company paid the fine and implemented the improvement of the procedures and reported to the Korea Communications Commission on the implementation of actions pursuant to the correctional order in May 2015. The suspension on acquiring new customers will be implemented hereafter.

On May 13, 2015, the Korea Communications Commission imposed on the Company a fine of Won 3.56 billion and issued a correctional order for violating its obligations to protect personal information (a fine of Won 360 million imposed for violation of its obligations to protect personal information and Won 3.2 billion imposed for damaging users' interests). The Company paid the fine in July 2015 and plans to report to the Korea Communications Commission on the implementation of actions pursuant to the correctional order in the future. Whether the correctional order on the violation of obligations to protect personal information will be enforced depends on the Court's ruling following the Company's filing of an administrative proceeding to appeal the order on June 24, 2015.

On May 28, 2015, the Korea Communications Commission imposed on the Company a fine of Won 350 million and issued a correctional order for damaging users' interests through misleading and exaggerated advertisement of bundled media and telecommunications products. The Company plans to pay the fine and report to the Korea Communications Commission on the implementation of actions pursuant to the correctional order in the future.

[SK Broadband]

(1) Violation of the Telecommunications Business Act

Date: May 28, 2015

Subject: SK Broadband

Sanction: SK Broadband received a correctional order (corrective measures for damaging users' interests through misleading and exaggerated advertisement of bundled media and telecommunications products).

Reason and the Relevant Law: Violated Article 50-1 Paragraph 5 of the Telecommunications Business Act and Article 42-1 of its enforcement ordinance by inducing subscribers through misleading and exaggerated advertisements.

Status of Implementation: Established plans to manage distribution network related to the misleading and exaggerated advertisements.

Company's Plan: Make an official announcement about having received the correctional order and improve operational procedures.

(2) Violation of the Act on Consumer Protection in Electronic Commerce

Date: July 11, 2014

Subject: SK Broadband



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Sanction: SK Broadband received a correctional order (relating to the failure to notify consumers of information relating to cancellations of purchases) and a fine of Won 1 billion.

Reason and the Relevant Law: Violated Article 13 of the Act on Consumer Protection in Electronic Commerce by not having notified consumers of the procedures for cancellation of purchases for paid IPTV contents.

Status of Implementation: Implemented voluntary improvements to notify consumers of cancellation procedures for such purchase prior to a decision by the Fair Trade Commission.

Company's Plan: Implement the correctional order and pay the fine.

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

Date: June 16, 2014

Subject: SK Broadband

Sanction: SK Broadband was imposed a fine of Won 3 million.

Reason and the Relevant Law: Violated Articles 59 and 76 of the Act on Facilitation of the Use of Information Network and Protection of Information and Article 76 of the Enforcement Decree of the Act by not having designated proper contacts for the users of telecommunications billing services to raise objections and protect rights and interests of the users and by not having provided the contact information on the Internet or other means of communication.

Status of Implementation: Paid the fine, designated contact persons for user protection of telecommunications billing services, provided contact information on the Company's website, and paid the fine.

Company's Plan: Designate contact persons for user protection of telecommunications billing services and provide contact information to users.

(4) Violation of the Telecommunication Business Act

Date: August 21, 2013

Subject Company: SK Broadband

Sanction: SK Broadband received a correctional order from the Korea Communications Commission.

Reason and the Relevant Law: Violation of Article 50, Paragraph 1, Number 5 of the Telecommunications Business Act for use of subscription agreements that omitted certain material terms and conditions pertaining to high-speed Internet usage.

Status of Implementation: Completed revision of subscription agreements to include material terms and conditions pertaining to high-speed Internet usage. Has distributed information sheets on current terms and conditions to new subscribers since November 25, 2013.

Company's Plan: Improve operations including through revision of subscription agreements.

(5) Violation of the Telecommunication Business Act

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Date: June 5, 2013

Subject Company: SK Broadband

Sanction: SK Broadband received a correctional order from the Korea Communications Commission.

Reason and the Relevant Law: Improperly delayed cancellations of high-speed Internet subscribers and violated Articles 42 and 50 of the Telecommunication Business Act.

Status of Implementation: Improving operating procedures to stop the prohibited practice due for completion in August, completed amendment of the terms of service and published the sanction in newspapers.

Company's Plan: Improve cancellation procedures to prevent recurrence of the cancellation delays.

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(6) 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.

(7) 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.

(8) Violation of accounting rules

Date: January 20, 2012

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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.

### **4. Important Matters That Occurred After June 30, 2015**

(1) On July 1, 2015, the Company's material consolidated subsidiary SK Broadband delisted in accordance with Articles 45 and 46 of the KOSDAQ stock market's listing regulations pursuant to its voluntary application to delist in connection with the Share Exchange of its 295,959,087 ordinary shares.

(2) SK Broadband's resolution to acquire the Hoppin business from SK Planet through a spin-off and subsequent merger transaction pursuant to Article 530-2 of the Korean Commercial Code was approved by its board of directors on July 29, 2015 and its shareholders on July 30, 2015. The transaction closed on September 1, 2015.

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## A. Use of Proceeds from Public Offerings

Not applicable.

## B. Use of Proceeds from Private Offerings

(As of June 30, 2015)

(Unit: in millions of Won)

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

\* In 2013, holders exercised their conversion rights with respect to an aggregate principal amount of US\$326,023,000 of the convertible notes. The Company delivered 1,241,337 treasury shares in respect of US\$170,223,000 of the exercised aggregate principal amount and delivered cash in respect of the remainder due to the limit on foreign ownership. In connection with such conversion, the Company recognized Won 135.1 billion in financial expenses in 2013. On November 13, 2013, the Company exercised its early redemption right and on December 13, 2013, redeemed the US\$6,505,000 principal amount of convertible notes not converted by noteholders.

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**SK TELECOM CO., LTD. AND SUBSIDIARIES**

Condensed Consolidated Interim Financial Statements

(Unaudited)

**June 30, 2015 and 2014**

(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 June 30, 2015, the related condensed consolidated statements of income and comprehensive income for the three and six-month periods ended June 30, 2015 and 2014, the condensed consolidated interim statements of changes in equity and cash flows for the six-month periods ended June 30, 2015 and 2014, 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 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 Korean Standards on Auditing 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 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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**Other matters**

The consolidated statement of financial position of the Group as of December 31, 2014, 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 in accordance with Korean Standards on Auditing and our report thereon, dated February 23, 2015, expressed an unqualified opinion. The accompanying condensed consolidated statement of financial position of the Group as of December 31, 2014, 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.

KPMG Samjong Accounting Corp.

Seoul, Korea

August 7, 2015

This report is effective as of August 7, 2015, 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 June 30, 2015 and December 31, 2014

<i>(In millions of won)</i>	Note	June 30, 2015	December 31, 2014
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	32,33	829,659	834,429
Short-term financial instruments	5,32,33,34,35	285,587	313,068
Short-term investment securities	8,32,33	342,795	280,161
Accounts receivable trade, net	6,32,33,34	2,443,502	2,392,150
Short-term loans, net	6,32,33,34	32,195	74,512
Accounts receivable other, net	6,32,33,34	697,103	690,527
Prepaid expenses		140,256	134,404
Inventories, net	7,35	282,871	267,667
Assets classified as held for sale	9		10,510
Advanced payments and other	6,8,32,33,34	126,553	85,720
<b>Total Current Assets</b>		<b>5,180,521</b>	<b>5,083,148</b>
<b>Non-Current Assets:</b>			
Long-term financial instruments	5,32,33,35	631	631
Long-term investment securities	8,32,33	1,149,319	956,280
Investments in associates and joint ventures	11	6,581,767	6,298,088
Property and equipment, net	12,34,35	10,252,498	10,567,701
Investment property, net	13	16,147	14,997
Goodwill	14	1,930,205	1,917,595
Intangible assets, net	15	2,298,574	2,483,994
Long-term loans, net	6,32,33,34	58,751	55,728
Long-term accounts receivable other	6,32,33	3,658	3,596
Long-term prepaid expenses	35	61,400	51,961
Guarantee deposits	5,6,32,33,34	296,436	285,144
Long-term derivative financial assets	21,32,33	67,494	70,035
Deferred tax assets	30	24,905	25,083
Other non-current assets	6,32,33	119,200	127,252
<b>Total Non-Current Assets</b>		<b>22,860,985</b>	<b>22,858,085</b>
<b>Total Assets</b>		<b>28,041,506</b>	<b>27,941,233</b>

See accompanying 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 June 30, 2015 and December 31, 2014

<i>(In millions of won)</i>	Note	June 30, 2015	December 31, 2014
<b>Liabilities and Equity</b>			
<b>Current Liabilities:</b>			
Short-term borrowings	16,32,33	929,300	366,600
Current installments of debentures and long-term borrowings, net	16,32,33	560,331	590,714
Current installments of finance lease liabilities	19,32,33	1,744	3,804
Current installments of long-term payables other	17,32,33	118,955	189,389
Accounts payable trade	32,33,34	291,316	275,495
Accounts payable other	32,33,34	1,066,880	1,381,850
Withholdings	32,33,34	887,656	1,053,063
Accrued expenses	32,33	786,418	952,418
Income tax payable	30	224,673	99,236
Unearned revenue		270,809	327,003
Provisions	18	39,285	51,075
Advanced receipts		126,791	129,255
Liabilities classified as held for sale	9		408
Other current liabilities		4,233	
<b>Total Current Liabilities</b>		<b>5,308,391</b>	<b>5,420,310</b>
<b>Non-Current Liabilities:</b>			
Debentures, excluding current installments, net	16,32,33	5,887,803	5,649,158
Long-term borrowings, excluding current installments	16,32,33	131,302	149,720
Long-term payables other	17,32,33	577,406	684,567
Long-term unearned revenue		4,688	19,659
Finance lease liabilities	19,32,33		26
Defined benefit liabilities	20	121,729	91,587
Long-term derivative financial liabilities	21,32,33	88,498	130,889
Long-term provisions	18	29,907	36,013
Deferred tax liabilities	30	511,611	444,211
Other non-current liabilities	32,33	62,584	66,823
<b>Total Non-Current Liabilities</b>		<b>7,415,528</b>	<b>7,272,653</b>
<b>Total Liabilities</b>		<b>12,723,919</b>	<b>12,692,963</b>
<b>Equity</b>			
Share capital	1,22	44,639	44,639
Capital surplus and other capital adjustments	22,23,24	662,455	277,998
Retained earnings	25	14,421,043	14,188,591
Reserves	26	59,389	(4,489)
<b>Equity attributable to owners of the Parent Company</b>		<b>15,187,526</b>	<b>14,506,739</b>
<b>Non-controlling interests</b>		<b>130,061</b>	<b>741,531</b>
<b>Total Equity</b>		<b>15,317,587</b>	<b>15,248,270</b>

<b>Total Liabilities and Equity</b>	<b>28,041,506</b>	<b>27,941,233</b>
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*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 and six-month periods ended June 30, 2015 and 2014

*(In millions of won except for per share data)*

	Note	June 30, 2015		June 30, 2014	
		Three-month period ended	Six-month period ended	Three-month period ended	Six-month period ended
<b>Operating revenue:</b>	4,34				
Revenue		4,255,739	8,496,025	4,305,368	8,507,288
<b>Operating expense:</b>	34				
Labor cost		543,881	1,018,862	401,137	830,276
Commissions paid		1,262,168	2,609,298	1,364,310	2,991,953
Depreciation and amortization	4	703,859	1,396,447	668,435	1,324,263
Network interconnection		239,857	474,109	280,736	556,533
Leased line		93,393	196,390	101,176	207,337
Advertising		120,452	197,438	99,883	185,233
Rent		117,037	239,488	113,376	222,576
Cost of products that have been resold		449,918	940,850	393,957	729,654
Other operating expenses	27	312,296	607,617	336,264	660,973
		3,842,861	7,680,499	3,759,274	7,708,798
<b>Operating income</b>	4	<b>412,878</b>	<b>815,526</b>	<b>546,094</b>	<b>798,490</b>
Finance income	4,29	29,053	61,302	35,167	75,162
Finance costs	4,29	(89,690)	(171,040)	(110,919)	(199,699)
Gains relating to investments in subsidiaries, associates and joint ventures, net	1,4,11	208,066	452,323	149,647	294,702
Other non-operating income	4,28	7,176	15,363	16,731	36,574
Other non-operating expenses	4,28	(51,891)	(97,869)	(28,714)	(64,646)
<b>Profit before income tax</b>	4	<b>515,592</b>	<b>1,075,605</b>	<b>608,006</b>	<b>940,583</b>
Income tax expense	30	117,704	234,970	110,367	175,635
<b>Profit for the period</b>		<b>397,888</b>	<b>840,635</b>	<b>497,639</b>	<b>764,948</b>
Attributable to :					
Owners of the Parent Company		395,839	840,334	498,536	768,350
Non-controlling interests		2,049	301	(897)	(3,402)
<b>Earnings per share</b>	31				
Basic earnings per share (in won)		5,432	11,695	6,909	10,713
Diluted earnings per share (in won)		5,432	11,695	6,909	10,713

*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 and six-month periods ended June 30, 2015 and 2014

*(In millions of won)*

	Note	June 30, 2015		June 30, 2014	
		Three-month period ended	Six-month period ended	Three-month period ended	Six-month period ended
<b>Profit for the period</b>		<b>397,888</b>	<b>840,635</b>	<b>497,639</b>	<b>764,948</b>
<b>Other comprehensive income (loss)</b>					
<b>Items that will never be reclassified to profit or loss, net of taxes:</b>					
Remeasurement of defined benefit liabilities	20	5,527	(3,092)	(7,841)	(11,994)
<b>Items that are or may be reclassified subsequently to profit or loss, net of taxes:</b>					
Net change in unrealized fair value of available-for-sale financial assets	26	71,167	53,048	13,579	(537)
Net change in other comprehensive income of investments in associates and joint ventures	26	23,435	27,880	(52,638)	(53,469)
Net change in unrealized fair value of derivatives	21,26	(32,321)	(20,673)	(23,433)	(18,813)
Foreign currency translations differences for foreign operations	26	8,288	9,419	(12,023)	(10,416)
<b>Other comprehensive income (loss) for the period, net of taxes</b>		<b>76,096</b>	<b>66,582</b>	<b>(82,356)</b>	<b>(95,229)</b>
<b>Total comprehensive income</b>		<b>473,984</b>	<b>907,217</b>	<b>415,283</b>	<b>669,719</b>
Total comprehensive income attributable to:					
Owners of the Parent Company		469,790	904,733	417,499	674,619
Non-controlling interests		4,194	2,484	(2,216)	(4,900)

*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 six-month periods ended June 30, 2015 and 2014

*(In millions of won)*

	Controlling Interest					Non-controlling interests	Total equity
	Share capital	Capital surplus (deficit) and other capital adjustments	Retained earnings	Reserves	Sub-total		
<b>Balance, January 1, 2014</b>	<b>44,639</b>	<b>317,508</b>	<b>13,102,495</b>	<b>(12,270)</b>	<b>13,452,372</b>	<b>714,185</b>	<b>14,166,557</b>
Cash dividends			(595,865)		(595,865)	(170)	(596,035)
Total comprehensive income							
Profit (loss) for the period			768,350		768,350	(3,402)	764,948
Other comprehensive loss			(11,937)	(81,794)	(93,731)	(1,498)	(95,229)
			756,413	(81,794)	674,619	(4,900)	669,719
Interest on hybrid bond			(8,420)		(8,420)		(8,420)
Business combination under common control		(28,641)			(28,641)		(28,641)
Changes in ownership in subsidiaries		(141)			(141)	141	
<b>Balance, June 30, 2014</b>	<b>44,639</b>	<b>288,726</b>	<b>13,254,623</b>	<b>(94,064)</b>	<b>13,493,924</b>	<b>709,256</b>	<b>14,203,180</b>
<b>Balance, January 1, 2015</b>	<b>44,639</b>	<b>277,998</b>	<b>14,188,591</b>	<b>(4,489)</b>	<b>14,506,739</b>	<b>741,531</b>	<b>15,248,270</b>
Cash dividends			(595,865)		(595,865)	(143)	(596,008)
Total comprehensive income							
Profit for the period			840,334		840,334	301	840,635
Other comprehensive income (loss)			(2,765)	67,164	64,399	2,183	66,582
			837,569	67,164	904,733	2,484	907,217
Interest on hybrid bond			(8,420)		(8,420)		(8,420)
Treasury stock		412,072			412,072		412,072
Changes in consolidation scope						(5,226)	(5,226)
Changes in ownership in subsidiaries		(27,615)	(832)	(3,286)	(31,733)	(608,585)	(640,318)
<b>Balance, June 30, 2015</b>	<b>44,639</b>	<b>662,455</b>	<b>14,421,043</b>	<b>59,389</b>	<b>15,187,526</b>	<b>130,061</b>	<b>15,317,587</b>

*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 six-month periods ended June 30, 2015 and 2014

<i>(In millions of won)</i>	Note	June 30, 2015	June 30, 2014
<b>Cash flows from operating activities:</b>			
Cash generated from operating activities			
Profit for the period		840,635	764,948
Adjustments for income and expenses	36	1,479,292	1,528,742
Changes in assets and liabilities related to operating activities	36	(786,942)	(710,051)
Sub-total		1,532,985	1,583,639
Interest received		25,052	23,348
Dividends received		59,349	10,567
Interest paid		(137,412)	(141,322)
Income tax paid		(65,923)	(100,204)
<b>Net cash provided by operating activities</b>		<b>1,414,051</b>	<b>1,376,028</b>
<b>Cash flows from investing activities:</b>			
Cash inflows from investing activities:			
Decrease in short-term financial instruments, net		27,448	
Decrease in short-term investment securities, net			55,007
Collection of short-term loans		203,599	73,766
Decrease in long-term financial instruments		3	11
Proceeds from disposal of long-term investment securities		116,256	47,431
Proceeds from disposal of investments in associates and joint ventures		176,037	4
Proceeds from disposal of property and equipment		13,772	4,049
Proceeds from disposal of intangible assets		1,101	1,441
Proceeds from disposal of assets held for sale		990	1,056
Collection of long-term loans		1,501	2,398
Decrease of deposits		10,618	4,136
Proceeds from disposal of other non-current assets		2,548	90
Increase in cash due to acquisition of a subsidiary		10,148	
Sub-total		564,021	189,389
Cash outflows for investing activities:			
Increase in short-term financial instruments, net			(9,379)
Increase in short-term investment securities, net		(69,842)	
Increase in short-term loans		(155,582)	(88,101)
Increase in long-term loans		(10,583)	(2,450)
Increase in long-term financial instruments		(5)	
Acquisition of long-term investment securities		(232,887)	(19,805)
Acquisition of investments in associates and joint ventures		(20,570)	(29,809)
Acquisition of property and equipment		(1,103,196)	(1,331,556)
Acquisition of intangible assets		(39,935)	(38,114)
Increase in deposits		(11,037)	(2,643)
Increase in other non-current assets		(436)	
Acquisition of business, net of cash acquired		(13,957)	(118,667)
Sub-total		(1,658,030)	(1,640,524)

<b>Net cash used in investing activities</b>	<b>(1,094,009)</b>	<b>(1,451,135)</b>
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*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 six-month periods ended June 30, 2015 and 2014

<i>(In millions of won)</i>	<b>June 30, 2015</b>	<b>June 30, 2014</b>
<b>Cash flows from financing activities:</b>		
Cash inflows from financing activities:		
Proceeds from short-term borrowings, net	562,700	608,000
Proceeds from issuance of debentures	507,799	627,970
Proceeds from long-term borrowings		13,552
Cash inflows from settlement of derivatives	189	119
<b>Sub-total</b>	<b>1,070,688</b>	<b>1,249,641</b>
Cash outflows for financing activities:		
Repayments of long-term account payables-other	(190,603)	(207,668)
Repayments of debentures	(370,000)	(406,149)
Repayments of long-term borrowings	(14,953)	(11,916)
Cash outflows from settlement of derivatives	(474)	(373)
Payments of finance lease liabilities	(1,789)	(10,250)
Payments of dividends	(595,865)	(595,865)
Payments of interest on hybrid bond	(8,420)	(8,420)
Decrease in cash from the consolidated capital transaction	(218,394)	
<b>Sub-total</b>	<b>(1,400,498)</b>	<b>(1,240,641)</b>
<b>Net cash provided by (used in) financing activities</b>	<b>(329,810)</b>	<b>9,000</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(9,768)</b>	<b>(66,107)</b>
Cash and cash equivalents at beginning of the period	834,429	1,398,639
Effects of exchange rate changes on cash and cash equivalents	4,998	(1,269)
<b>Cash and cash equivalents at end of the period</b>	<b>829,659</b>	<b>1,331,263</b>

*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 six-month periods ended June 30, 2015 and 2014

**1. Reporting Entity**

## (1) General

SK Telecom Co., Ltd. ( the Parent Company ) was incorporated in March 1984 under the laws of the 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 June 30, 2015, 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 Service, other institutional investors and other minority stockholders	52,265,708	64.73
Treasury stock	8,116,551	10.05
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.

## (2) List of subsidiaries

The list of subsidiaries as of June 30, 2015 and December 31, 2014 is as follows:

Subsidiary	Location	Primary business	Ownership (%)	
			June 30, 2015	December 31, 2014
SK Telink Co., Ltd.	Korea	Telecommunication and MVNO service	83.5	83.5
M&Service Co., Ltd.	Korea	Data base and internet website service	100.0	100.0
SK Communications Co., Ltd.	Korea	Internet website services	64.6	64.6
Stonebridge Cinema Fund	Korea	Investment association	55.2	56.0
Commerce Planet Co., Ltd.	Korea	Online shopping mall operation agency	100.0	100.0
SK Broadband Co., Ltd.(*1)	Korea	Telecommunication services	100.0	50.6
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
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



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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**1. Reporting Entity, Continued****(2) List of subsidiaries, Continued**

The list of subsidiaries as of June 30, 2015 and December 31, 2014 is as follows, Continued:

Subsidiary	Location	Primary business	Ownership (%)	
			June 30, 2015	December 31, 2014
Iconcube Holdings, Inc.	Korea	Investment association	100.0	100.0
Iconcube, Inc.	Korea	Internet website services	100.0	100.0
SK Planet Co., Ltd.	Korea	Telecommunication service	100.0	100.0
Neosnetworks Co., Ltd.(*2)	Korea	Guarding of facilities	83.9	66.7
IRIVER LIMITED(*3)	Korea	Manufacturing digital audio players and other portable media devices.	49.0	49.0
Iriver CS Co., Ltd.(*4)		After-sales service and logistics agency		100.0
iriver Enterprise Ltd.	Hong Kong	Management of Chinese subsidiary	100.0	100.0
iriver America Inc.	USA	Marketing and sales in North America	100.0	100.0
iriver Inc.	USA	Marketing and sales in North America	100.0	100.0
iriver China Co., Ltd.	China	Sales and manufacturing MP3,4 in China	100.0	100.0
Dongguan iriver Electronics Co., Ltd.		Sales and manufacturing e-book in China	100.0	100.0
Groovers JP Ltd.(*4)	Japan	Digital music contents sourcing and distribution service	100.0	
SK Telecom China Holdings Co., Ltd.	China	Investment association	100.0	100.0
Shenzhen E-eye High Tech Co., Ltd.(*4)	China	Manufacturing		65.5
SK Global Healthcare Business Group., Ltd.	Hong Kong	Investment association	100.0	100.0
SK Planet Japan, K. K.	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
SKP GLOBAL HOLDINGS PTE. LTD.	Singapore	Investment association	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, LP.	USA	Investment association	100.0	100.0
SK Telecom China Fund I L.P.	Cayman	Investment association	100.0	100.0
shopkick Management Company, Inc.	USA	Investment association	95.2	95.2
shopkick, Inc.	USA	Mileage-based online transaction application development	100.0	100.0

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**1. Reporting Entity, Continued**

(2) List of subsidiaries, Continued

- (\*1) On March 20, 2015, the Board of Directors of the Parent Company decided to grant 0.0168936 share of its treasury stock in exchange for 1 share of SK Broadband Co., Ltd., a subsidiary of the Parent Company, to the shareholders of SK Broadband Co., Ltd. as of June 9, 2015. After the stock exchange, SK Broadband Co., Ltd. became a wholly-owned subsidiary of the Parent Company.
- (\*2) Due to the shareholders' agreement which grants put option to the non-controlling shareholders, this entity is consolidated as a wholly owned subsidiary in the consolidated financial statements. The Parent Company newly acquired 50,377 and 326,748 shares of Neosnetworks Co., Ltd. by participating in the capital increase and capital increase without consideration respectively during the six-month period ended June 30, 2015.
- (\*3) Although the Group has less than 50% of the voting rights of IRIVER LIMITED, it is considered to have de facto control since the Group holds significantly more voting rights than any other vote holder or organized group of vote holders, and the other shareholdings are widely dispersed.
- (\*4) Changes in subsidiaries are explained in Note 1-(4).

In accordance with the Group's 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 Group's consolidated financial statements are not material considering both individual and overall quantitative and qualitative effects.

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**1. Reporting Entity, Continued**

(3) Condensed financial information of subsidiaries

Condensed financial information of subsidiaries as of and for the six-month period ended June 30, 2015 is as follows:

*(In millions of won)*

Subsidiary	Total assets	Total liabilities	Total equity (deficit)	Revenue	Profit (loss)
SK Telink Co., Ltd.	338,182	159,654	178,528	218,424	40,041
M&Service Co., Ltd.	73,574	29,054	44,520	62,655	2,398
SK Communications Co., Ltd.	168,285	38,866	129,419	41,408	(5,667)
Stonebridge Cinema Fund	11,344	399	10,945		2,729
Commerce Planet Co., Ltd.	31,693	32,049	(356)	44,068	836
SK Broadband Co., Ltd.	3,178,193	2,083,091	1,095,102	1,314,981	(4,079)
K-net Culture and Contents Venture Fund	13,377		13,377		(212)
Fitech Focus Limited Partnership II	18,576		18,576		(735)
Open Innovation Fund	20,829		20,829		(948)
PS&Marketing Corporation	518,410	310,136	208,274	896,876	184
Service Ace Co., Ltd.	68,214	37,400	30,814	104,181	2,407
Service Top Co., Ltd.	65,282	42,037	23,245	97,674	3,668
Network O&S Co., Ltd.	64,441	36,097	28,344	93,513	2,769
BNCP Co., Ltd.	5,701	5,417	284	5,366	(614)
Iconcube Holdings, Inc.(*1)	1,202	448	754	836	(143)
SK Planet Co., Ltd.	2,663,395	735,693	1,927,702	767,803	(9,704)
Neosnetworks Co., Ltd.	69,365	13,157	56,208	25,945	(2,104)
IRIVER LIMITED(*2)	63,949	16,011	47,938	28,386	503
SK Telecom China Holdings Co., Ltd.	33,811	1,103	32,708	3,919	(12,890)
SK Global Healthcare Business Group., Ltd.	24,620		24,620		(1,254)
SK Planet Japan, K. K.	3,656	253	3,403	283	(2,263)
SKT Vietnam PTE. Ltd.	4,338	1,315	3,023		
SK Planet Global PTE. Ltd.	1,809	180	1,629	1	(2,324)
SKP GLOBAL HOLDINGS PTE. LTD.	36,384	9	36,375		(8,511)
SKT Americas, Inc.	43,029	860	42,169	4,457	(370)
SKP America LLC.	347,454	82	347,372		(102)
YTK Investment Ltd.	15,651		15,651		(3,118)
Atlas Investment(*3)	69,476	136	69,340		(1,170)
shopkick Management Company, Inc.	279,214	6	279,208		(2,384)
shopkick, Inc.	35,305	30,859	4,446	13,761	(24,535)

(\*1) The condensed financial information of Iconcube Holdings, Inc. includes financial information of Iconcube, Inc., a subsidiary of Iconcube Holdings, Inc.

(\*2) The condensed financial information of IRIVER LIMITED includes financial information of iriver Enterprise Ltd., iriver America Inc., iriver Inc., iriver China Co., Ltd., Dongguan iriver Electronics Co., Ltd. and Groovers JP Ltd. subsidiaries of IRIVER LIMITED.

(\*3)



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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 six-month periods ended June 30, 2015 and 2014

**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, 2014 is as follows:

*(In millions of won)*

Subsidiary	Total assets	Total liabilities	Total equity (deficit)	Revenue	Profit (loss)
SK Telink Co., Ltd.	324,028	184,074	139,954	465,463	13,073
M&Service Co., Ltd.	78,826	36,817	42,009	133,789	7,492
SK Communications Co., Ltd.	176,168	41,987	134,181	93,910	(18,386)
Stonebridge Cinema Fund	11,137	320	10,817		383
Commerce Planet Co., Ltd.	26,078	27,259	(1,181)	64,509	933
SK Broadband Co., Ltd.	3,109,991	1,988,379	1,121,612	2,654,381	4,307
K-net Culture and Contents Venture Fund	21,094	4	21,090		4,920
Fitech Focus Limited Partnership II	19,301		19,301		(2,055)
Open Innovation Fund	21,765		21,765		(6,266)
PS&Marketing Corporation	544,292	336,221	208,071	1,627,217	2,817
Service Ace Co., Ltd.	66,336	37,770	28,566	207,427	3,570
Service Top Co., Ltd.	57,032	36,723	20,309	188,835	3,503
Network O&S Co., Ltd.	71,348	45,770	25,578	211,916	3,823
BNCP Co., Ltd.	6,785	5,887	898	12,869	(1,505)
Iconcube Holdings, Inc.(*1)	1,415	515	900	630	(2,284)
SK Planet Co., Ltd.	2,579,286	746,832	1,832,454	1,512,492	1,593
Neosnetworks Co., Ltd.	31,633	13,251	18,382	33,302	(1,989)
IRIVER LIMITED(*2)	61,945	14,392	47,553	53,192	2,345
SK Telecom China Holdings Co., Ltd.	37,877	2,335	35,542	12,420	1,058
Shenzhen E-eye High Tech Co., Ltd.	15,566	408	15,158	3,637	(1,143)
SK Global Healthcare Business Group., Ltd.	25,874		25,874		(689)
SK Planet Japan, K. K.	5,222	1,638	3,584	93	(4,561)
SKT Vietnam PTE. Ltd.	4,242	1,286	2,956		(73)
SK Planet Global PTE. Ltd.	4,215	64	4,151	87	(2,543)
SKP GLOBAL HOLDINGS PTE. LTD.	29,529	11	29,518		(9,716)
SKT Americas, Inc.	42,159	554	41,605	9,100	(5)
SKP America LLC.	297,981	67	297,914		(2,370)
YTK Investment Ltd.	27,944		27,944		(15,259)
Atlas Investment(*3)	66,825	94	66,731		(6,626)
shopkick Management Company, Inc.	230,925		230,925		
shopkick, Inc.	28,216	13,698	14,518		

(\*1) The condensed financial information of Iconcube Holdings, Inc. includes financial information of Iconcube, Inc., a subsidiary of Iconcube Holdings, Inc.

(\*2) The condensed financial information of IRIVER LIMITED includes financial information of iriver CS Co. Ltd., iriver Enterprise Ltd., iriver America Inc., iriver Inc., iriver China Co., Ltd., and Dongguan iriver Electronics Co., Ltd., subsidiaries of IRIVER LIMITED.

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(\*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.

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**1. Reporting Entity, Continued**

**(4) Changes in subsidiaries**

The list of subsidiaries that were newly included in consolidation during the six-month period ended June 30, 2015 is as follows:

<b>Subsidiary</b>	<b>Reason</b>
Groovers JP Ltd.	Established by IRIVER LIMITED during the six-month period ended June 30, 2015.

The list of subsidiaries that were excluded from subsidiaries during the six-month period ended June 30, 2015 is as follows:

<b>Subsidiary</b>	<b>Reason</b>
Irriver CS Co., Ltd.	Merged into IRIVER LIMITED during the six-month period ended June 30, 2015.
Shenzhen E-eye High Tech Co., Ltd.	Disposed during the six-month period ended June 30, 2015.

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**1. Reporting Entity, Continued**

(5) The information of significant non-controlling interests of the Group as of and for the six-month period ended June 30, 2015, and as of and for the year ended December 31, 2014 is as follows. There were no dividends paid during the six-month period ended June 30, 2015 and year ended December 31, 2014 by subsidiaries of which non-controlling interests are significant.

*(In millions of won)*

	<b>June 30, 2015</b>
	SK
	Communications
	Co., Ltd.
Ownership of non-controlling interests (%)	35.4
Current assets	83,445
Non-current assets	84,840
Current liabilities	(36,248)
Non-current liabilities	(2,618)
Net assets	129,419
Net assets of consolidated entities	129,419
Carrying amount of non-controlling interests	45,889
Revenue	41,408
Loss for the period	(5,667)
Loss of the consolidated entities	(5,667)
Total comprehensive loss	(4,761)
Loss attributable to non-controlling interests	(2,009)
Net cash used in operating activities	(1,635)
Net cash provided by investing activities	14,324
Net cash provided by financing activities	
Net increase in cash and cash equivalents	12,689

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**1. Reporting Entity, Continued**

(5) The information of significant non-controlling interests of the Group as of and for the six-month period ended June 30, 2015, and as of and for the year ended December 31, 2014 is as follows. There were no dividends paid during the six-month period ended June 30, 2015 and year ended December 31, 2014 by subsidiaries of which non-controlling interests are significant, Continued

*(In millions of won)*

	<b>December 31, 2014</b>	
	SK	
	Communications Co., Ltd.	SK Broadband Co., Ltd.
Ownership of non-controlling interests (%)	35.4	49.4
Current assets	89,135	463,764
Non-current assets	87,033	2,646,227
Current liabilities	(41,252)	(881,886)
Non-current liabilities	(735)	(1,106,493)
Net assets	134,181	1,121,612
Adjustment for fair value		111,561
Net assets of consolidated entities	134,181	1,233,173
Carrying amount of non-controlling interests	47,577	609,638
Revenue	93,910	2,654,381
Profit (loss) for the period	(18,386)	4,307
Amortization of fair value adjustment		(1,916)
Profit (loss) of the consolidated entities	(18,386)	2,391
Total comprehensive income (loss)	530	(10,324)
Profit (loss) attributable to non-controlling interests	(6,519)	1,182
Net cash provided by (used in) operating activities	(5,962)	431,760
Net cash used in investing activities	(17,927)	(599,016)
Net cash provided by financing activities		119,484
Net decrease in cash and cash equivalents	(23,889)	(47,772)

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**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, 2014. 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

1) Critical judgments, assumptions and estimation uncertainties

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, 2014.

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

### **2. Basis of Preparation, Continued**

(2) Use of estimates and judgments, Continued

2) Fair value measurement

Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the finance executive.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of K-IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- ü Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- ü Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- ü Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Information about assumptions used for fair value measurements are included in Note 33.

(3) Common control transactions

SK Holdings Co., Ltd. ( the Ultimate Controlling Entity ) is the Ultimate Controlling Entity of the Parent Company because it controls 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 six-month periods ended June 30, 2015 and 2014

**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, 2014. 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, 2015.

(1) Changes in accounting policies

The following amendment to existing standards has been published and are mandatory for the Group for annual periods beginning on or after July 1, 2014.

1) K-IFRS 1019 Employee Benefits – Employee contributions Amendments to K-IFRS 1019 introduced a practical expedient to accounting for defined benefit plan, when employees or third parties pay contributions if certain criteria are met. According to the amendments, the entity is permitted to recognize those contributions as a reduction of the service cost in the period in which the related service is rendered, instead of forecast future contributions from employees or third parties and attribute them to periods or service as negative benefits.

There is no material impact of the application of this amendment on the consolidated financial statements.

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**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 Others.

(1) Details of the segment information as of and for the six-month period ended June 30, 2015 are as follows:

(In millions of won)

	<b>Cellular Services</b>	<b>Fixed-line Telecommunication services</b>	<b>Others</b>	<b>Sub-total</b>	<b>Consolidation adjustments</b>	<b>Consolidated amount</b>
Total revenue	7,469,465	1,533,405	997,767	10,000,637	(1,504,612)	8,496,025
Inter-segment revenue	847,372	301,176	356,064	1,504,612	(1,504,612)	
External revenue	6,622,093	1,232,229	641,703	8,496,025		8,496,025
Depreciation and amortization	1,066,285	261,845	68,317	1,396,447		1,396,447
Operating income (loss)	815,120	42,805	(42,399)	815,526		815,526
Finance income and costs, net						(109,738)
Gain related to investments in subsidiaries, associates and joint ventures, net						452,323
Other non-operating income and expense, net						(82,506)
Profit before income tax						1,075,605
Total assets	23,580,421	3,516,376	3,214,927	30,311,724	(2,270,218)	28,041,506
Total liabilities	9,483,378	2,242,744	897,624	12,623,746	100,173	12,723,919

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**4. Operating Segments, Continued**

(2) Details of the segment information as of and for the six-month period ended June 30, 2014 are as follows:

*(In millions of won)*

	Fixed-line			Sub-total	Consolidation adjustments	Consolidated amount
	Cellular Services	Telecommunication services	Others			
Total revenue	7,520,742	1,517,777	878,927	9,917,446	(1,410,158)	8,507,288
Inter-segment revenue	745,251	289,670	375,237	1,410,158	(1,410,158)	
External revenue	6,775,491	1,228,107	503,690	8,507,288		8,507,288
Depreciation and amortization	1,035,809	247,530	40,924	1,324,263		1,324,263
Operating income (loss)	788,831	25,865	(16,206)	798,490		798,490
Finance income and costs, net						(124,537)
Gain related to investments in subsidiaries, associates and joint ventures, net						294,702
Other non-operating income and expense, net						(28,072)
Profit before income tax						940,583
Total assets	23,386,690	3,325,776	3,089,274	29,801,740	(2,774,091)	27,027,649
Total liabilities	9,958,215	2,067,197	866,318	12,891,730	(67,261)	12,824,469

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 six-month periods ended June 30, 2015 and 2014.

**5. Restricted Deposits**

Deposits which are restricted in use as of June 30, 2015 and December 31, 2014 are summarized as follows:

*(In millions of won)*

	June 30, 2015	December 31, 2014
Short-term financial instruments(*)	89,525	90,321
Long-term financial instruments(*)	607	612
Guarantee deposits	280	280
	90,412	91,213

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(\*) Financial instruments include charitable trust fund established by the Group. Profits from the fund are donated to charitable institutions. As of June 30, 2015, the funds cannot be withdrawn.

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**6. Trade and Other Receivables**

(1) Details of trade and other receivables as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)*

	<b>June 30, 2015</b>		
	<b>Gross amount</b>	<b>Allowances for impairment</b>	<b>Carrying amount</b>
<b>Current assets:</b>			
Accounts receivable trade	2,677,060	(233,558)	2,443,502
Short-term loans	32,414	(219)	32,195
Accounts receivable other	777,090	(79,987)	697,103
Accrued income	10,264		10,264
Others	4,685		4,685
	<b>3,501,513</b>	<b>(313,764)</b>	<b>3,187,749</b>
<b>Non-current assets:</b>			
Long-term loans	85,882	(27,131)	58,751
Long-term accounts receivable other	3,658		3,658
Guarantee deposits	296,436		296,436
Long-term accounts receivable trade	66,698	(1,704)	64,994
	<b>452,674</b>	<b>(28,835)</b>	<b>423,839</b>
	<b>3,954,187</b>	<b>(342,599)</b>	<b>3,611,588</b>

*(In millions of won)*

	<b>December 31, 2014</b>		
	<b>Gross amount</b>	<b>Allowances for impairment</b>	<b>Carrying amount</b>
<b>Current assets:</b>			
Accounts receivable trade	2,614,059	(221,909)	2,392,150
Short-term loans	75,199	(687)	74,512
Accounts receivable other	769,115	(78,588)	690,527
Accrued income	10,134		10,134
Others	3,865		3,865
	<b>3,472,372</b>	<b>(301,184)</b>	<b>3,171,188</b>
<b>Non-current assets:</b>			
Long-term loans	82,735	(27,007)	55,728
Long-term accounts receivable other	3,596		3,596
Guarantee deposits	285,144		285,144
Long-term accounts receivable trade	68,536		68,536
	<b>440,011</b>	<b>(27,007)</b>	<b>413,004</b>

3,912,383	(328,191)	3,584,192
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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**6. Trade and Other Receivables, Continued**

- (2) Changes in allowances for doubtful accounts of trade and other receivables during the six-month periods ended June 30, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	<b>For the six-month period ended</b>	
	<b>June 30, 2015</b>	<b>June 30, 2014</b>
Balance at January 1	328,191	323,984
Increase of bad debt allowances	39,069	31,678
Write-offs	(38,911)	(38,532)
Others	14,250	12,898
<b>Balance at June 30</b>	<b>342,599</b>	<b>330,028</b>

- (3) Details of overdue but not impaired, and impaired trade and other receivables as of June 30, 2015 and December 31, 2014 are as follows:

<i>(In millions of won)</i>	<b>June 30, 2015</b>		<b>December 31, 2014</b>	
	<b>Accounts receivable - trade</b>	<b>Other receivables</b>	<b>Accounts receivable - trade</b>	<b>Other receivables</b>
Neither overdue nor impaired	1,901,690	1,061,411	1,831,243	1,089,001
Overdue but not impaired	77,171	5,146	76,671	3,481
Impaired	764,897	143,872	774,681	137,306
	2,743,758	1,210,429	2,682,595	1,229,788
Allowances for doubtful accounts	(235,262)	(107,337)	(221,909)	(106,282)
	2,508,496	1,103,092	2,460,686	1,123,506

The Group 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.

- (4) The aging of overdue but not impaired accounts receivable as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)***June 30, 2015****December 31, 2014**

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	<b>Accounts receivable</b>		<b>Accounts receivable -</b>	
	<b>- trade</b>	<b>Other receivables</b>	<b>trade</b>	<b>Other receivables</b>
Less than 1 month	26,992	1,721	25,254	1,795
1 ~ 3 months	23,080	1,849	26,469	213
3 ~ 6 months	11,108	92	11,641	608
More than 6 months	15,991	1,484	13,307	865
	<b>77,171</b>	<b>5,146</b>	<b>76,671</b>	<b>3,481</b>



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**7. Inventories**

Details of inventories as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)*

	June 30, 2015			December 31, 2014		
	Acquisition cost	Write-down of inventory	Carrying amount	Acquisition cost	Write-down of inventory	Carrying amount
Merchandise	255,690	(5,758)	249,932	252,063	(5,325)	246,738
Finished goods	2,553	(131)	2,422	1,930	(216)	1,714
Work in process	1,212	(102)	1,110	1,144	(131)	1,013
Raw materials and supplies	30,469	(1,062)	29,407	19,242	(1,040)	18,202
	289,924	(7,053)	282,871	274,379	(6,712)	267,667

**8. Investment Securities**

(1) Details of short-term investment securities as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)*

	June 30, 2015	December 31, 2014
Beneficiary certificates(*)	267,140	277,003
Current installments of long-term investment securities	75,655	3,158
	342,795	280,161

(\*) The distributions arising from beneficiary certificates as of June 30, 2015 were accounted for as accrued income.

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For the six-month periods ended June 30, 2015 and 2014

**8. Investment Securities, Continued**

(2) Details of long-term investment securities as of June 30, 2015 and December 31, 2014 are as follows:

(In millions of won)

	June 30, 2015	December 31, 2014
<b>Equity securities:</b>		
Marketable equity securities	912,704	657,286
Unlisted equity securities(*1)	65,601	56,236
Equity investments(*2)	198,418	209,120
	1,176,723	922,642
<b>Debt securities:</b>		
Public bonds(*3)		158
Investment bonds(*4)	48,251	36,638
	48,251	36,796
<b>Total</b>	1,224,974	959,438
Less current installments of long-term investment securities	(75,655)	(3,158)
<b>Long-term investment securities</b>	1,149,319	956,280

(\*1) Unlisted equity securities whose fair value cannot be measured reliably are recorded at cost.

(\*2) Equity investments are recorded at cost.

(\*3) Details of maturity for the public bonds as of June 30, 2015 and December 31, 2014 are as follows:

(In millions of won)

	June 30, 2015	December 31, 2014
Less than 1 year		158

(\*4) During the six-month period ended June 30, 2015, the Parent Company exercised the conversion right for the convertible bonds of Health Connect Co., Ltd., which were classified as available-for-sale financial assets. Health Connect Co., Ltd. has been classified as investments in associates ( 5,900 million) as the Parent Company obtained significant influence over the company. As a result of this transaction, investments in associates have increased by 5,900 million and the remaining convertible bonds of 560 million was fully redeemed.

**9. Assets and Liabilities Classified as Held for Sale**

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During the year ended December 31, 2014, the Group entered into a disposal contract regarding the Group's ownership interests in Shenzhen E-eye High Tech Co., Ltd., the Parent Company's subsidiary. Assets and liabilities of the subsidiary amounting to 10,510 million and 408 million, were reclassified to assets and liabilities held for sale, respectively, and the carrying amount in excess of the fair value less cost to sell was recognized as impairment loss. The ownership interests of Shenzhen E-eye High Tech Co., Ltd. were disposed during the six-month period ended June 30, 2015.

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**10. Business Combinations**

## (1) General information

On April 1, 2015, Neosnetworks Co., Ltd., a subsidiary of the Parent Company, acquired an unmanned machine security business of Joeun Safe Co., Ltd., which manages facility guarding services, in order to expand infrastructure and enhance competitiveness of its security business.

The Group recognized the acquired assets and liabilities as fair value and the difference between the consideration and fair value of net assets as goodwill.

## (2) Consideration paid and assets and liabilities transferred

Consideration paid and assets in succession recognized at the acquisition date are as follows:

<i>(In millions of won)</i>		<b>2015</b>
<b>Consideration paid</b>		
Cash and cash equivalents		13,957
Accounts payable other		2,302
		16,259
<b>Assets transferred</b>		
Property and equipment		3,641
Intangible assets		8,219
Other assets		2,525
		14,385

The fair value of such intangible assets transferred has been provisionally recorded and subject to change since the independent valuation process of the intangible assets has not been completed as of June 30, 2015.

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For the six-month periods ended June 30, 2015 and 2014

**11. Investments in Associates and Joint Ventures**

- (1) Investments in associates and joint ventures accounted for using the equity method as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)*

	Country	June 30, 2015		December 31, 2014	
		Ownership percentage	Carrying amount	Ownership percentage	Carrying amount
<b>Investments in associates</b>					
SK China Company Ltd.(*1)	China	9.6	38,560	9.6	35,817
Korea IT Fund(*2)	Korea	63.3	242,170	63.3	240,676
KEB HanaCard Co., Ltd.(*1,3)	Korea	15.0	253,707	25.4	425,140
Candle Media Co., Ltd.	Korea	35.1	19,766	35.1	19,486
NanoEnTek, Inc.	Korea	26.0	35,854	26.0	36,527
SK Industrial Development China Co., Ltd.	Hongkong	21.0	80,661	21.0	79,394
Packet One Network(*1)	Malaysia	13.6	44,391	13.6	53,670
SK Technology Innovation Company	Cayman	49.0	44,888	49.0	44,052
HappyNarae Co., Ltd.	Korea	42.5	16,268	42.5	15,551
SK hynix Inc.	Korea	20.1	5,293,292	20.1	4,849,159
SK MENA Investment B.V.	Netherlands	32.1	14,326	32.1	14,015
SKY Property Mgmt. Ltd.	Virgin Island	33.0	256,897	33.0	248,534
Xinan Tianlong Science and Technology Co., Ltd.	China	49.0	24,620	49.0	25,874
Daehan Kanggu BcN Co., Ltd. and others			160,491		158,725
Sub-total			6,525,891		6,246,620
<b>Investments in joint ventures</b>					
Dogus Planet, Inc.(*4)	Turkey	50.0	8,995	50.0	11,441
PT. Melon Indonesia	Indonesia	49.0	3,806	49.0	3,564
Television Media Korea Ltd.	Korea	51.0	6,712	51.0	6,944
Celcom Planet	Malaysia	51.0	12,449	51.0	16,605
PT XL Planet Digital(*4)	Indonesia	50.0	23,914	50.0	12,914
Sub-total			55,876		51,468
Total			6,581,767		6,298,088

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For the six-month periods ended June 30, 2015 and 2014

**11. Investments in Associates and Joint Ventures, Continued**

- (1) Investments in associates and joint ventures accounted for using the equity method as of June 30, 2015 and December 31, 2014 are as follows, Continued:

- (\*1) Classified as investments in associates as the Group can exercise significant influence through its participation on the board of directors even though the Group has less than 20% of equity interests.
- (\*2) 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.
- (\*3) During the six-month period ended June 30, 2015, the Group disposed of 27,725,264 shares of KEB HanaCard Co., Ltd.
- (\*4) There were additional investments in associates and joint ventures during the six-month period ended June 30, 2015.

- (2) The market price of investments in listed associates as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won, except for share data)*

	June 30, 2015			December 31, 2014		
	Market value per share (In won)	Number of shares	Market price	Market value per share (In won)	Number of shares	Market price
Candle Media Co., Ltd.	892	21,620,360	19,285	734	21,620,360	15,869
NanoEnTek, Inc.	9,200	5,870,290	54,007	5,710	5,870,290	33,519
SK hynix Inc.	42,300	146,100,000	6,180,030	47,750	146,100,000	6,976,275

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For the six-month periods ended June 30, 2015 and 2014

**11. Investments in Associates and Joint Ventures, Continued**

- (3) The financial information of the significant investees as of and for the six-month period ended June 30, 2015 and as of and for the year ended December 31, 2014 are as follows:

*(In millions of won)*

	As of and for the six-month period ended June 30, 2015			
	SK hynix Inc.	KEB HanaCard Co., Ltd.	SKY Property Mgmt. Ltd.	Korea IT Fund
Current assets	9,656,987	6,344,737	158,150	122,165
Non-current assets	18,806,717	779,000	676,461	260,364
Current liabilities	5,268,876	1,317,903	235,268	
Non-current liabilities	2,899,276	4,466,298	37,401	
Revenue	9,456,920	746,127	43,601	16,935
Profit for the period	2,403,866	11,002	11,043	10,869
Other comprehensive income (loss)	73,785	(5,074)	(249)	
Total comprehensive income	2,477,651	5,928	10,794	10,869

*(In millions of won)*

	As of and for the year ended December 31, 2014			
	SK hynix Inc.	KEB HanaCard Co., Ltd. (*)	SKY Property Mgmt. Ltd.	Korea IT Fund
Current assets	10,363,514	6,716,612	172,775	122,026
Non-current assets	16,519,764	568,065	667,560	258,144
Current liabilities	5,765,304	848,140	62,868	
Non-current liabilities	3,081,671	5,109,888	242,116	
Revenue	17,125,566	305,756	81,502	18,883
Profit (loss) for the period	4,195,169	(11,196)	15,006	5,470
Other comprehensive income (loss)	(52,360)	(734)	(6,090)	4,837
Total comprehensive income (loss)	4,142,809	(11,930)	8,916	10,307

- (\*) Revenue and net profit of Hana SK Card Co., Ltd. for pre-merger period, amounting to 853,506 million and 3,521 million, respectively, were not included.

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**11. Investments in Associates and Joint Ventures, Continued**

- (4) The condensed financial information of joint ventures as of and for the six-month period ended June 30, 2015 and as of and for the year ended December 31, 2014 are as follows:

*(In millions of won)*

	As of and for the six-month period ended June 30, 2015				
	Television Media Korea Ltd.	Dogus Planet, Inc.	PT. Melon Indonesia	PT XL Planet Digital	Celcom Planet
Current assets	15,178	21,262	9,939	25,819	21,416
Cash and cash equivalents	2,383	2	5,116	22,344	19,371
Non-current assets	3,697	15,706	2,692	29,129	3,483
Current liabilities	6,185	18,901	4,674	7,633	7,900
Account payable, other payables and provisions	5,737	4,626	4,674	5,252	5,889
Non-current liabilities		75	139	424	
Account payable, other payables and provisions					
Revenue	9,136	15,404	7,550	1,717	221
Depreciation and amortization	(1,642)	(1,628)	(71)	(1,279)	(420)
Interest income	96	308	152		197
Interest expense					
Income tax benefit				2,940	
Profit (loss)	(455)	(8,338)	845	(8,512)	(8,311)
Total comprehensive income (loss)	(455)	(8,338)	845	(8,512)	(8,311)

*(In millions of won)*

	As of and for the year ended December 31, 2014				
	Television Media Korea Ltd.	Dogus Planet, Inc.	PT. Melon Indonesia	PT XL Planet Digital	Celcom Planet
Current assets	16,252	38,641	10,022	9,241	30,407
Cash and cash equivalents	5,104	6	4,763	6,710	30,400
Non-current assets	4,543	13,011	3,094	14,589	3,343
Current liabilities	7,188	28,406	5,689	4,198	1,182
Account payable, other payables and provisions	265	3,648			
Non-current liabilities	464	377	102	124	
Account payable, other payables and provisions	464	377		124	
Revenue	16,403	23,897	11,826	1,019	
Depreciation and amortization	(3,732)	(2,402)	(928)	(1,452)	(1)
Interest income	254	1,154	268		
Interest expense		(6)			
Income tax expense				(5,334)	
Profit (loss)	(3,361)	(37,146)	523	(15,596)	(1,479)
Total comprehensive income (loss)	(3,361)	(37,146)	523	(15,596)	(1,479)



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**11. Investments in Associates and Joint Ventures, Continued**

- (5) Reconciliations of financial information of significant associates to carrying amounts of investments in associates in the consolidated financial statements as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)*

	Net assets	Ownership interests (%)	June 30, 2015 Net assets attributable to the ownership interests	Cost-book value differentials	Carrying amount
<b>Associates:</b>					
SK hynix Inc.(*)	20,295,754	20.1	4,073,077	1,220,215	5,293,292
KEB HanaCard Co., Ltd.	1,339,536	15.0	200,931	52,776	253,707
SKY Property Mgmt. Ltd.(*)	554,016	33.0	182,825	74,072	256,897
Korea IT Fund	382,529	63.3	242,170		242,170

*(In millions of won)*

	Net assets	Ownership interests (%)	December 31, 2014 Net assets attributable to the ownership interests	Cost-book value differentials	Carrying amount
<b>Associates:</b>					
SK hynix Inc.(*)	18,036,453	20.1	3,619,666	1,229,493	4,849,159
KEB HanaCard Co., Ltd.	1,326,649	25.4	337,266	87,874	425,140
SKY Property Mgmt. Ltd.(*)	527,479	33.0	174,068	74,466	248,534
Korea IT Fund	380,170	63.3	240,676		240,676

- (\*) These entities prepare consolidated financial statements and net assets of these entities represent net assets attributable to owners of the Parent Company.

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For the six-month periods ended June 30, 2015 and 2014

**11. Investments in Associates and Joint Ventures, Continued**

- (6) Details of changes in investments in associates and joint ventures accounted for using the equity method for the six-month periods ended June 30, 2015 and 2014 are as follows:

*(In millions of won)*

	For the six-month period ended June 30, 2015					Ending balance
	Beginning balance	Acquisition and Disposal	Share of profits (losses)	Other comprehensive income (loss)	Other increase (decrease)	
<b>Investments in associates</b>						
SK China Company Ltd.	35,817		(1,093)	3,836		38,560
Korea IT Fund(*)	240,676		5,041	(1,444)	(2,103)	242,170
KEB HanaCard Co., Ltd.	425,140	(174,475)	2,481	561		253,707
Candle Media Co., Ltd.	19,486		259	21		19,766
NanoEnTek, Inc.	36,527		(848)	175		35,854
SK Industrial Development China Co., Ltd.	79,394		(587)	1,854		80,661
Packet One Network	53,670		(8,714)	(565)		44,391
SK Technology Innovation Company	44,052		(1,970)	2,806		44,888
HappyNarae Co., Ltd.	15,551		808	(91)		16,268
SK hynix Inc.(*)	4,849,159		473,132	14,831	(43,830)	5,293,292
SK MENA Investment B.V.	14,015		(1)	312		14,326
SKY Property Mgmt. Ltd.	248,534		3,939	4,424		256,897
Xian Tianlong Science and Technology Co., Ltd.	25,874		(1,254)			24,620
Others(*)	158,725	840	(7,678)	720	7,884	160,491
Sub-total	6,246,620	(173,635)	463,515	27,440	(38,049)	6,525,891
<b>Investments in joint ventures</b>						
Dogus Planet, Inc.	11,441	4,389	(7,516)	681		8,995
PT. Melon Indonesia	3,564		414	(172)		3,806
Television Media Korea Ltd.	6,944		(232)			6,712
Celcom Planet	16,605		(4,156)			12,449
PT XL Planet Digital	12,914	15,341	(4,341)			23,914
Sub-total	51,468	19,730	(15,831)	509		55,876
Total	6,298,088	(153,905)	447,684	27,949	(38,049)	6,581,767

(\*) Dividends paid by the associate are deducted from the carrying amount during the six-month period ended June 30, 2015.

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**11. Investments in Associates and Joint Ventures, Continued**

- (6) Details of changes in investments in associates and joint ventures accounted for using the equity method for the six-month periods ended June 30, 2015 and 2014 are as follows, Continued:

*(In millions of won)*

For the six-month period ended June 30, 2014

	Beginning balance	Acquisition and Disposal	Share of profits (losses)	Other comprehensive income (loss)	Impairment loss	Other increase (decrease)	Ending balance
<b>Investments in associates</b>							
SK China Company Ltd.	37,434		(988)	(1,714)			34,732
Korea IT Fund	231,402		4,370	(2,554)			233,218
Etoos Co., Ltd	12,029		346			(12,375)	
HanaSK Card Co., Ltd.	378,616		(1,156)	(643)			376,817
Candle Media Co., Ltd.	21,241		(1,710)	(41)	(491)		18,999
NanoEnTek, Inc.	9,312	7,778	7	2		19,180	36,279
SK Industrial Development China Co., Ltd.	77,517		2,381	(5,178)			74,720
Packet One Network	60,706		(12,050)	4,924			53,580
SK Technology Innovation Company	53,874		(1,514)	(2,036)			50,324
HappyNarae Co., Ltd.	13,935		970	(71)			14,834
SK hynix Inc.	3,943,232		322,120	(41,092)			4,224,260
SK MENA Investment B.V.	13,477		(3)	(519)			12,955
SKY Property Mgmt. Ltd.	238,278		502	(6,523)			232,257
Xian Tianlong Science and Technology Co., Ltd.	26,562		(16)				26,546
Others	164,976	2,354	(7,818)	1,634		(966)	160,180
<b>Sub-total</b>	<b>5,282,591</b>	<b>10,132</b>	<b>305,441</b>	<b>(53,811)</b>	<b>(491)</b>	<b>5,839</b>	<b>5,549,701</b>
<b>Investments in joint ventures</b>							
Dogus Planet, Inc.	10,105	19,677	(6,636)	935			24,081
PT. Melon Indonesia	3,230		190	(116)			3,304
Television Media Korea Ltd.	8,659		(1,143)				7,516
PT XL Planet Digital	20,712		(2,780)	(397)			17,535
<b>Sub-total</b>	<b>42,706</b>	<b>19,677</b>	<b>(10,369)</b>	<b>422</b>			<b>52,436</b>
<b>Total</b>	<b>5,325,297</b>	<b>29,809</b>	<b>295,072</b>	<b>(53,389)</b>	<b>(491)</b>	<b>5,839</b>	<b>5,602,137</b>

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For the six-month periods ended June 30, 2015 and 2014

**11. Investments in Associates and Joint Ventures, Continued**

- (7) 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 June 30, 2015 are as follows:

<i>(In millions of won)</i>	Unrealized loss		Unrealized change in equity	
	Period ended	Accumulated	Period ended	Accumulated
	June 30, 2015		June 30, 2015	
Wave City Development Co., Ltd.	2,658	4,302		
Gemini and others	1,673	6,990		365
	4,331	11,292		365

**12. Property and Equipment**

Changes in property and equipment for the six-month periods ended June 30, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	Beginning balance	For the six-month period ended June 30, 2015					Business combination	Ending balance
		Acquisition	Disposal	Transfer	Depreciation			
Land	766,780	2,198	(2,025)	4,874			771,827	
Buildings	933,867	4,360	(6,838)	23,333	(24,581)		930,141	
Structures	352,789	761	(33)	11,911	(17,044)		348,384	
Machinery	7,310,815	179,819	(2,858)	594,637	(1,045,697)	3,641	7,040,357	
Other	499,050	435,518	(2,574)	(308,958)	(69,688)		553,348	
Construction in progress	704,400	295,862		(391,821)			608,441	
	10,567,701	918,518	(14,328)	(66,024)	(1,157,010)	3,641	10,252,498	

<i>(In millions of won)</i>	Beginning balance	For the six-month period ended June 30, 2014						Business acquisition	Ending balance
		Acquisition	Disposal	Transfer	Depreciation	Impairment	Others		
Land	732,206	3,406		14,568			1,493	608	752,281
Buildings	956,691	3,902	(383)	6,816	(24,329)		2,678	947	946,322
Structures	364,951	124		3,483	(16,287)				352,271
Machinery	6,847,059	140,326	(4,514)	828,158	(1,011,543)	(2,929)		7,741	6,804,298
Other	533,181	551,456	(1,474)	(340,107)	(64,800)		4,743	129	683,128

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Construction in progress	762,519	316,178	(980)	(558,912)					518,805
	10,196,607	1,015,392	(7,351)	(45,994)	(1,116,959)	(2,929)	8,914	9,425	10,057,105

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**13. Investment Property**

Changes in investment property for the six-month periods ended June 30, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	<b>For the six-month period ended June 30, 2015</b>			
	<b>Beginning balance</b>	<b>Transfer</b>	<b>Depreciation</b>	<b>Ending balance</b>
Land	10,418	886		11,304
Buildings	4,579	385	(121)	4,843
	14,997	1,271	(121)	16,147

<i>(In millions of won)</i>	<b>For the six-month period ended June 30, 2014</b>			
	<b>Beginning balance</b>	<b>Transfer</b>	<b>Depreciation</b>	<b>Ending balance</b>
Land	10,822	249		11,071
Buildings	4,989	116	(123)	4,982
	15,811	365	(123)	16,053

**14. Goodwill**

(1) Goodwill as of June 30, 2015 and December 31, 2014 are as follows:

<i>(In millions of won)</i>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
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	265,526	252,916
	1,930,205	1,917,595

(2) Changes in goodwill for the six-month periods ended June 30, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	<b>For the six-month period ended</b>
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	<b>June 30, 2015</b>	<b>June 30, 2014</b>
Beginning balance	1,917,595	1,733,261
Impairment loss on goodwill	(1,976)	
Others	14,586	17,814
	1,930,205	1,751,075

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**15. Intangible Assets**

(1) Changes in intangible assets for the six-month periods ended June 30, 2015 and 2014 are as follows:

*(In millions of won)*

	For the six-month period ended June 30, 2015						
	Beginning balance	Acquisition	Disposal	Transfer	Amortization	Business combination	Ending balance
Frequency use rights	1,384,044				(140,264)		1,243,780
Land use rights	25,353	4,647	(148)		(4,608)		25,244
Industrial rights	107,760	9,334		1,089	(3,105)		115,078
Development costs	8,331	1,262		32	(2,278)		7,347
Facility usage rights	52,636	515	(12)	271	(4,216)		49,194
Customer relations	6,404			(29)	(1,939)	8,219	12,655
Memberships	94,119	549	(804)	67			93,931
Other	805,347	23,929	(106)	76,794	(154,619)		751,345
	2,483,994	40,236	(1,070)	78,224	(311,029)	8,219	2,298,574

*(In millions of won)*

	For the six-month period ended June 30, 2014								
	Beginning balance	Acquisition	Disposal	Transfer	Amortization	Impairment	Others	Business acquisition	Ending balance
Frequency use rights	1,664,571				(140,264)				1,524,307
Land use rights	16,590	8,990	(33)		(3,808)		2,258		23,997
Industrial rights	58,763	2,804	(8)		(2,269)	(2)			59,288
Development costs	10,127	158	(25)	62	(1,955)				8,367
Facility usage rights	58,828	615	(16)	379	(4,190)				55,616
Customer relations	6,333	272			(1,731)		692	1,702	7,268
Memberships	128,452	2,690	(44)					267	131,365
Other	807,118	22,585	(597)	75,631	(149,349)	(235)	1,146	92	756,391
	2,750,782	38,114	(723)	76,072	(303,566)	(237)	4,096	2,061	2,566,599



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**15. Intangible Assets, Continued**

- (2) The carrying amount and residual useful lives of frequency usage rights as of June 30, 2015 are as follows, all of which are depreciated on a straight-line basis:

*(In millions of won)*

	Amount	Description	Commencement of amortization	Completion of amortization
W-CDMA license	150,691	Frequency use rights relating to W-CDMA service	Dec. 2003	Dec. 2016
W-CDMA license	24,466	Frequency use rights relating to W-CDMA service	Oct. 2010	Dec. 2016
800MHz license	243,264	Frequency use rights relating to CDMA and LTE service	Jul. 2011	Jun. 2021
1.8GHz license	816,530	Frequency use rights relating to LTE service	Sep. 2013	Dec. 2021
WiBro license	8,829	WiBro service	Mar. 2012	Mar. 2019
	1,243,780			

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**16. Borrowings and Debentures**

(1) Short-term borrowings as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)*

	<b>Lender</b>	<b>Annual interest rate (%)</b>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Commercial Paper	Woori Investment Bank Co., Ltd., etc.	1.64~2.37	630,000	206,000
Short-term borrowings	Korea Development Bank, etc.	2.11~3.08	299,300	160,600
			929,300	366,600

(2) Long-term borrowings as of June 30, 2015 and December 31, 2014 are as follows:

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

<b>Lender</b>	<b>Annual interest rate (%)</b>	<b>Maturity</b>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Shinhan Bank	2.39	Jun. 15, 2015		1,712
Kookmin Bank	2.13	Jun. 15, 2016	3,250	4,874
Kookmin Bank	2.13	Mar. 15, 2017	3,498	4,496
Kookmin Bank	2.13	Mar. 15, 2018	7,883	8,600
Shinhan Bank (*1)	6M bank debenture rate + 1.58	Apr. 30, 2016	10,000	10,000
Korea Development Bank	3.32	Jul. 30, 2019	39,000	39,000
Korea Development Bank	2.94	Jul. 30, 2019	10,000	10,000
Export Kreditnamnden (*2)	1.7	Apr. 29, 2022	90,577	94,903
			(USD 80,577)	(USD 86,338)
Sub-total			164,208	173,585
Less present value discount on long-term borrowings			(2,352)	(2,623)
			161,856	170,962
Less current installments of long-term borrowings			(30,554)	(21,242)
Long-term borrowings			131,302	149,720

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- (\*1) As of June 30, 2015, the 6M bank debenture rate of Shinhan Bank is 1.75%.
- (\*2) For the years ended December 31, 2014 and 2013, the Group obtained long-term borrowings from Export Kreditnamnden, an export credit agency. The long-term borrowings are redeemed by installments on an annual basis from 2014 to 2022.

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**16. Borrowings and Debentures, Continued**

(3) Debentures as of June 30, 2015 and December 31, 2014 are as follows:

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

	Purpose	Maturity	Annual interest rate (%)	June 30, 2015	December 31, 2014
Unsecured private bonds	Refinancing fund	2016	5.00	200,000	200,000
Unsecured private bonds	Other fund	2015	5.00		200,000
Unsecured private bonds		2018	5.00	200,000	200,000
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 refinancing fund	2019	3.24	170,000	170,000
Unsecured private bonds		2022	3.30	140,000	140,000
Unsecured private bonds		2032	3.45	90,000	90,000
Unsecured private bonds	Operating fund	2023	3.03	230,000	230,000
Unsecured private bonds		2033	3.22	130,000	130,000
Unsecured private bonds		2019	3.30	50,000	50,000
Unsecured private bonds		2024	3.64	150,000	150,000
Unsecured private bonds(*5,6)		2029	4.73		55,188
Unsecured private bonds(*5)		2029	4.72	55,351	55,177
Unsecured private bonds	Refinancing fund	2019	2.53	160,000	160,000
Unsecured private bonds		2021	2.66	150,000	150,000
Unsecured private bonds		2024	2.82	190,000	190,000
Unsecured private bonds	Operating and refinancing fund	2022	2.40	100,000	
Unsecured private bonds		2025	2.49	150,000	
Unsecured private bonds		2030	2.61	50,000	
Unsecured private bonds(*1)	Operating fund	2015	4.62	10,000	10,000
Unsecured private bonds(*2)		2015	4.09		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
Unsecured private bonds(*2)		2016	3.05	80,000	80,000
Unsecured private bonds(*2)		2019	3.49	210,000	210,000
Unsecured private bonds(*2)		2019	2.76	130,000	130,000
Unsecured private bonds(*2)		2018	2.23	50,000	
Unsecured private bonds(*2)		2020	2.49	160,000	
Unsecured private bonds(*3)		2015	3.12		10,000
Unsecured private bonds(*3)		2016	3.24	10,000	10,000
Unsecured private bonds(*3)		2017	3.48	20,000	20,000
Foreign global bonds		2027	6.63	449,640	439,680
				(USD 400,000)	(USD 400,000)

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Swiss unsecured private bonds	2017	1.75	364,257 (CHF 300,000)	333,429 (CHF 300,000)
Foreign global bonds	2018	2.13	786,870 (USD 700,000)	769,440 (USD 700,000)
Australia unsecured private bonds	2017	4.75	258,858 (AUD 300,000)	269,727 (AUD 300,000)
Floating rate notes(*4)	2020	3M Libor + 0.88	337,230 (USD 300,000)	329,760 (USD 300,000)

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**16. Borrowings and Debentures, Continued**

(3) Debentures as of June 30, 2015 and December 31, 2014 are as follows, Continued:

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

	<b>Purpose</b>	<b>Maturity</b>	<b>Annual interest rate (%)</b>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Foreign global bonds(*2)	Operating fund	2018	2.88	337,230 (USD 300,000)	329,760 (USD 300,000)
Sub-total				6,449,436	6,252,161
Less discounts on bonds				(31,856)	(33,531)
				6,417,580	6,218,630
Less current installments of bonds				(529,777)	(569,472)
				5,887,803	5,649,158

(\*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) Unsecured private bonds were issued by PS&amp;Marketing Corporation, a subsidiary of the Parent Company.

(\*4) As of June 30, 2015, 3M Libor rate is 0.28%.

(\*5) The Group settled the difference of the measurement bases of accounting profit or loss between the bonds and related derivatives by designating the structured bonds as financial liabilities at fair value through profit or loss.

The difference between the carrying amount of the designated financial liabilities at fair value through profit or loss and the amount required to pay at maturity is 5,351 million as of June 30, 2015.

(\*6) As of December 31, 2014, the principal amount and the fair value of the structured bonds were 50,000 million and 55,188 million, respectively. The entire bonds were early redeemed during the six-month period ended June 30, 2015.

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**17. Long-term Payables other**

(1) Long-term payables other as of June 30, 2015 and December 31, 2014 are as follows:

(In millions of won)

	June 30, 2015	December 31, 2014
Payables related to acquisition of W-CDMA licenses	545,013	657,001
Other(*)	32,393	27,566
	577,406	684,567

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

(2) As of June 30, 2015 and December 31, 2014, long-term payables other which consist of payables related to the acquisition of W-CDMA licenses for 800MHz, 2.3GHz and 1.8GHz frequencies are as follows (See Note 15):

(In millions of won)

	Period of repayment	Coupon rate	Annual effective interest rate(*)	June 30, 2015	December 31, 2014
800MHz	2013~2015	3.51%	5.69%		69,416
2.3GHz	2014~2016	3.00%	5.80%	2,882	5,766
1.8GHz	2012~2021	2.43~3.00%	4.84~5.25%	707,006	824,841
				709,888	900,023
Present value discount on long-term payables other				(45,920)	(53,633)
				663,968	846,390
Current installments of long-term payables other				(118,955)	(189,389)
Carrying amount at period end				545,013	657,001

(\*) 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.

(3) The repayment schedule of long-term payables other related to acquisition of W-CDMA licenses as of June 30, 2015 is as follows:

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*(In millions of won)*

	<b>Amount</b>
Less than 1 year	120,718
1~3 years	235,669
3~5 years	235,669
More than 5 years	117,832
	709,888



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**18. Provisions**

Changes in provisions for the six-month periods ended June 30, 2015 and 2014 are as follows:

*(In millions of won)*

	For the six-month period ended June 30, 2015					As of June 30, 2015		
	Beginning balance	Increase	Utilization	Reversal	Other	Ending balance	Current	Non-current
Provision for handset subsidy	26,799		(2,696)	(18,173)		5,930	3,368	2,562
Provision for restoration	59,727	1,844	(375)	(962)	868	61,102	34,658	26,444
Other provisions	562	1,921	(323)			2,160	1,259	901
	87,088	3,765	(3,394)	(19,135)	868	69,192	39,285	29,907

*(In millions of won)*

	For the six-month period ended June 30, 2014					As of June 30, 2014		
	Beginning balance	Increase	Utilization	Reversal	Other	Ending balance	Current	Non-current
Provision for handset subsidy	53,923	86,249	(49,206)			90,966	58,043	32,923
Provision for restoration	40,507	1,528	(347)	(909)	(145)	40,634	17,812	22,822
Other provisions	451		(99)		(45)	307		307
	94,881	87,777	(49,652)	(909)	(190)	131,907	75,855	56,052

The Group has provided handset subsidy to subscribers who purchase handsets on an installment basis and recognized provision for subsidy amounts which the Group is expected to pay in future periods.

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

The Group has leased telecommunication equipment under finance lease agreements with Cisco Systems Capital Korea Ltd. Finance lease liabilities as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)*

	June 30, 2015	December 31, 2014
<b>Finance Lease Liabilities</b>		
Current installments of long-term finance lease liabilities	1,744	3,804
Long-term finance lease liabilities		26
	1,744	3,830

The Group's related interest and principal as of June 30, 2015, December 31, 2014 are as follows:

*(In millions of won)*

	June 30, 2015		December 31, 2014	
	Minimum lease payment	Present value	Minimum lease payment	Present value
Less than 1 year	1,775	1,744	3,909	3,804
1~5 years			26	26
Sub-total	1,775	1,744	3,935	3,830
Current installments of long-term finance lease liabilities		(1,744)		(3,804)
Long-term finance lease liabilities				26

**(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 as of June 30, 2015 are as follows:

*(In millions of won)*

	Lease payments	Lease revenues
Less than 1 year	28,935	3,496
1~5 years	75,089	1,026

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More than 5 years	41,481	641
	145,505	5,163

### (3) Sale 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 six-month periods ended June 30, 2015 and 2014

**20. Defined Benefit Liabilities**

- (1) Details of defined benefit liabilities as of June 30, 2015 and December 31, 2014 are as follows:

<i>(In millions of won)</i>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Present value of defined benefit obligations	471,040	437,844
Fair value of plan assets	(349,311)	(346,257)
	121,729	91,587

- (2) Principal actuarial assumptions as of June 30, 2015 and December 31, 2014 are as follows:

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Discount rate for defined benefit obligations	2.13%~3.70%	2.23%~3.70%
Expected rate of salary increase	2.51%~7.39%	2.51%~7.39%

Discount rate for defined benefit obligations 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 obligations. 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 six-month periods ended June 30, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	<b>For the six-month period ended</b>	
	<b>June 30, 2015</b>	<b>June 30, 2014</b>
Beginning balance	437,844	312,494
Current service cost	52,278	64,192
Interest cost	5,957	5,126
Remeasurement		
- Demographic assumption	(6)	
- Financial assumption	760	
- Adjustment based on experience	3,522	14,600
Benefit paid	(33,513)	(33,361)
Others(*)	4,198	4,078
Ending balance	471,040	367,129

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- (\*) Others for the six-month period ended June 30, 2015 include the liabilities of 4,491 million and 1,289 million succeeded due to transfer of employees from associates, and transfer to construction in progress, etc. Others for the six-month period ended June 30, 2014 include the liabilities of 3,151 million succeeded due to transfer of employees from associates, and transfer to construction in progress, etc.

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For the six-month periods ended June 30, 2015 and 2014

**20. Defined Benefit Liabilities, Continued**

(4) Changes in plan assets for the six-month periods ended June 30, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	<b>For the six-month period ended</b>	
	<b>June 30, 2015</b>	<b>June 30, 2014</b>
Beginning balance	346,257	238,293
Interest income	4,721	4,596
Actuarial loss	(2,567)	(214)
Contributions by employer directly to plan assets	29,033	6,415
Benefit paid	(30,334)	(8,830)
Others	2,201	1,040
Ending balance	349,311	241,300

(5) Expenses recognized in profit and loss for the six-month periods ended June 30, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	<b>For the six-month period ended</b>	
	<b>June 30, 2015</b>	<b>June 30, 2014</b>
Current service cost	52,278	64,192
Net interest cost	1,236	530
	53,514	64,722

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

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**21. Derivative Instruments**

(1) Currency swap contracts under cash flow hedge accounting as of June 30, 2015 are as follows:  
(In thousands of foreign currencies)

<b>Borrowing date</b>	<b>Hedged item</b>	<b>Hedged risk</b>	<b>Contract type</b>	<b>Financial institution</b>	<b>Duration of contract</b>
Jul. 20, 2007	Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of USD 400,000)	Foreign currency risk	Currency swap	Morgan Stanley and five other banks	Jul. 20, 2007 ~ Jul. 20, 2027
Jun. 12, 2012	Fixed-to-fixed cross currency swap (Swiss Franc denominated bonds face value of CHF 300,000)	Foreign currency risk	Currency swap	Citibank and five other banks	Jun. 12, 2012 ~ Jun.12, 2017
Nov. 1, 2012	Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of USD 700,000)	Foreign currency risk	Currency swap	Barclays and nine other banks	Nov. 1, 2012 ~ May 1, 2018
Jan. 17, 2013	Fixed-to-fixed cross currency swap (Australia dollar denominated bonds face value of AUD 300,000)	Foreign currency risk	Currency swap	BNP Paribas and three other banks	Jan. 17, 2013 ~ Nov. 17, 2017
Mar. 7, 2013	Floating-to-fixed cross currency interest rate swap (U.S. dollar denominated bonds face value of USD 300,000)	Foreign currency risk and the interest rate risk	Currency interest rate swap	DBS Bank	Mar. 7, 2013 ~ Mar. 7, 2020
Oct. 29, 2013	Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of USD 300,000)	Foreign currency risk	Currency swap	Korea Development Bank and others	Oct.29, 2013 ~ Oct. 26, 2018
Dec. 16, 2013	Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of USD 80,577)	Foreign currency risk	Currency swap	Deutsche bank	Dec.16, 2013 ~ Apr. 29, 2022

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For the six-month periods ended June 30, 2015 and 2014

**21. Derivative Instruments, Continued**

- (2) As of June 30, 2015, fair values of above derivatives recorded in assets or liabilities and details of derivative instruments are as follows:

(In millions of won and thousands of foreign currencies)

Hedged item	Accumulated gain (loss) on valuation of derivatives	Fair value			Held for trading purpose	Total
		Cash flow hedge Tax effect	Accumulated foreign currency translation (gain) loss	Others (*)		
<b>Non-current assets:</b>						
Structured bond (face value of KRW 50,000)					5,380	5,380
Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of USD 400,000)	(55,930)	(17,856)	(7,724)	129,806		48,296
Floating-to-fixed cross currency interest rate swap (U.S. dollar denominated bonds face value of USD 300,000)	(5,992)	(1,913)	12,112			4,207
Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of USD 300,000)	(8,992)		18,603			9,611
<b>Total assets</b>						67,494
<b>Non-current liabilities:</b>						
Fixed-to-fixed cross currency swap (Swiss Franc denominated bonds face value of CHF 300,000)	(6,361)	(2,031)	749			(7,643)
Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of USD 700,000)	(22,835)	(7,290)	23,372			(6,753)
Fixed-to-fixed cross currency swap (Australia dollar denominated bonds face value of AUD 300,000)	2,149	686	(76,321)			(73,486)
Fixed-to-fixed long-term borrowings (U.S. dollar denominated bonds face value of USD 80,577)	(4,640)	(1,482)	5,506			(616)
<b>Total liabilities</b>						(88,498)

(\*) Cash flow hedge accounting has been applied to the relevant contracts from May 12, 2010. Others represent gain on valuation of currency swap incurred prior to the application of hedge accounting and was recognized through profit or loss prior to May 12, 2010.



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**22. Share Capital and Capital Surplus 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 and other capital adjustments as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won, except for share data)*

	June 30, 2015	December 31, 2014
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 and other capital adjustments:		
Paid-in surplus	2,915,887	2,915,887
Treasury stock (Note 23)	(1,770,434)	(2,139,683)
Loss on disposal of treasury stock		(18,087)
Hybrid bond (Note 24)	398,518	398,518
Others(*2)	(881,516)	(878,637)
	662,455	277,998

(\*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 Act. As a result, the Parent Company's outstanding shares have decreased without change in the share capital.

There were no changes in share capital for the six-month period ended June 30, 2015 and the year ended December 31, 2014 and details of shares outstanding as of June 30, 2015 and 2014 are as follows:

*(In shares)*

	June 30, 2015			June 30, 2014		
	Issued shares	Treasury stock	Outstanding shares	Issued shares	Treasury stock	Outstanding shares
Beginning issued shares	80,745,711	9,809,375	70,936,336	80,745,711	9,809,375	70,936,336
Disposal of treasury stock		(1,692,824)	1,692,824			
Ending issued shares	80,745,711	8,116,551	72,629,160	80,745,711	9,809,375	70,936,336

(\*2) Others primarily consist of 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.

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**23. Treasury Stock**

The Parent Company acquired treasury stock 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.

Treasury stock as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won, shares)*

	June 30, 2015	December 31, 2014
Number of shares	8,116,551	9,809,375
Amount	1,770,434	2,139,683

On June 9, 2015, the Parent Company granted 1,692,824 shares of its treasury stock in order to acquire shares of SK Broadband Co., Ltd.

**24. Hybrid Bond**

Hybrid bonds classified as equity as of June 30, 2015 are as follows:

*(In millions of won)*

	Type	Issuance date	Maturity	Annual interest rate(%)	Amount
Private hybrid bonds	Blank coupon unguaranteed subordinated bond	June 7, 2013	June 7, 2073(*1)	4.21(*2)	400,000
Issuance costs					(1,482)
					398,518

Hybrid bonds issued by the Parent Company are classified as equity as there is no contractual obligation for delivery of financial assets to the bond holders. These are subordinated bonds which rank before common shareholders in the event of a liquidation or reorganization of the Parent Company.

(\*1) The Parent Company has a right to extend the maturity under the same issuance terms without any notice or announcement. The Parent Company also has the right to defer interest payment at its sole discretion.

(\*2) Annual interest rate is adjusted after five years from the issuance date.

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**25. Retained Earnings**

(1) Retained earnings as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)*

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
<b>Appropriated:</b>		
Legal reserve	22,320	22,320
Reserve for research & manpower development	87,300	151,533
Reserve for business expansion	9,671,138	9,476,138
Reserve for technology development	2,616,300	2,416,300
	12,397,058	12,066,291
<b>Unappropriated</b>	<b>2,023,985</b>	<b>2,122,300</b>
	14,421,043	14,188,591

(2) Legal reserve

The Korean Commercial Act 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 &amp; 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 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.

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**26. Reserves**

(1) Details of reserves, net of taxes, as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)*

	June 30, 2015	December 31, 2014
Unrealized fair value of available-for-sale financial assets	288,101	235,385
Other comprehensive loss of investments in associates and joint ventures	(135,931)	(163,808)
Unrealized fair value of derivatives	(102,602)	(77,531)
Foreign currency translations differences for foreign operations	9,821	1,465
	59,389	(4,489)

(2) Change in reserves for the six-month periods ended June 30, 2015 and 2014 are as follows:

*(In millions of won)*

	Unrealized fair value of available-for- sale financial assets	Other comprehensive loss of investment in associates	Unrealized fair value of derivatives	Foreign currency translations differences for foreign operations	Total
Balance at January 1, 2014	208,529	(172,117)	(35,429)	(13,253)	(12,270)
Changes	(4,718)	(53,527)	(23,095)	(10,038)	(91,378)
Tax effect	4,088	167	5,329		9,584
Balance at June 30, 2014	207,899	(225,477)	(53,195)	(23,291)	(94,064)
Balance at January 1, 2015	235,385	(163,808)	(77,531)	1,465	(4,489)
Changes	69,215	27,946	(29,988)	8,356	75,529
Tax effect	(16,499)	(69)	4,917		(11,651)
Balance at June 30, 2015	288,101	(135,931)	(102,602)	9,821	59,389

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**27. Other Operating Expenses**

Details of other operating expenses for the three and six-month periods ended June 30, 2015 and 2014 are as follows:

*(In millions of won)*

	2015		2014	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
<b>Other Operating Expenses:</b>				
Communication expenses	11,512	24,051	14,828	29,132
Utilities	60,476	126,608	51,936	114,734
Taxes and dues	8,114	16,468	6,522	14,760
Repair	79,975	145,832	69,872	134,481
Research and development	77,952	147,422	104,054	204,960
Training	7,128	14,569	9,017	16,594
Bad debt for accounts receivable trade	21,982	34,995	17,362	23,553
Travel	7,154	13,965	7,806	14,563
Supplies and other	38,003	83,707	54,867	108,196
	312,296	607,617	336,264	660,973

**28. Other Non-operating Income and Expenses**

(1) Details of other non-operating income and expenses for the three and six-month periods ended June 30, 2015 and 2014 are as follows:

*(In millions of won)*

	2015		2014	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
<b>Other Non-operating Income:</b>				
Fees revenues	201	323	4,449	5,964
Gain on disposal of property and equipment and intangible assets	1,842	2,765	1,385	3,411
Others	5,133	12,275	10,897	27,199
	7,176	15,363	16,731	36,574
<b>Other Non-operating Expenses:</b>				
Loss on impairment of property and equipment and intangible assets	953	1,976	237	3,166
Loss on disposal of property and equipment and intangible assets	1,281	3,290	1,696	3,980

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Donations	24,937	30,769	18,663	27,052
Bad debt for accounts receivable other	6,226	4,074	5,154	8,125
Loss on disposal of investment securities			7	7
Loss on impairment of investment assets	9,398	18,668		127
Others(*)	9,096	39,092	2,957	22,189
	51,891	97,869	28,714	64,646

(\*) Others for the six-month periods ended June 30, 2015 and 2014 primarily consists of penalties amounting to 28.3 billion and 16.7 billion, respectively.

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**29. Finance Income and Costs**

(1) Details of finance income and costs for the three and six-month periods ended June 30, 2015 and 2014 are as follows:

*(In millions of won)*

	2015		2014	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
<b>Finance Income:</b>				
Interest income	12,380	25,181	14,274	29,756
Dividends	43	13,339	939	10,567
Gain on foreign currency transactions	2,815	6,288	2,364	6,663
Gain on foreign currency translations	3,243	4,024	14,400	15,926
Gain on disposal of long-term investment securities	3,606	6,252	1,223	6,114
Gain on valuation of derivatives		1,030	1,967	6,017
Gain on settlement of derivatives				119
Gain on relating to financial liabilities at fair value through profit or loss	6,966	5,188		
	29,053	61,302	35,167	75,162

*(In millions of won)*

	2015		2014	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
<b>Finance Costs:</b>				
Interest expense	74,706	150,222	82,593	161,229
Loss on foreign currency transactions	2,880	8,193	5,526	9,552
Loss on foreign currency translations	2,088	3,132	117	5,186
Loss on disposal of long-term investment securities	1,649	1,651		2,112
Loss on valuation of derivatives	699		12,135	12,135
Loss on settlement of derivatives	4,517	4,517	335	335
Loss relating to financial assets at fair value through profit or loss			2,419	1,352
Loss relating to financial liabilities at fair value through profit or loss		174	7,794	7,798
Other finance costs	3,151	3,151		
	89,690	171,040	110,919	199,699





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**29. Finance Income and Costs, Continued**

- (2) Details of interest income included in finance income for the three and six-month periods ended June 30, 2015 and 2014 are as follows:

(In millions of won)

	2015		2014	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
Interest income on cash equivalents and deposits	5,010	10,393	8,602	18,250
Interest income on installment receivables and others	7,370	14,788	5,672	11,506
	12,380	25,181	14,274	29,756

- (3) Details of interest expense included in finance costs for the three and six-month periods ended June 30, 2015 and 2014 are as follows:

(In millions of won)

	2015		2014	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
Interest expense on bank overdrafts and borrowings	8,536	12,722	8,735	13,994
Interest expense on debentures	56,610	116,514	61,749	122,035
Interest on finance lease liabilities	19	47	149	349
Others	9,541	20,939	11,960	24,851
	74,706	150,222	82,593	161,229

- (4) Details of impairment losses for financial assets for the three and six-month periods ended June 30, 2015 and 2014 are as follows:

(In millions of won)

	2015		2014	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
Available-for-sale financial assets	3,151	3,151		
Accounts receivable trade	21,982	34,995	17,304	23,494
Other receivables	6,226	4,074	5,154	8,125

31,359	42,220	22,458	31,619
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**30. 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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**31. Earnings per Share**

(1) Basic earnings per share

1) Basic earnings per share for the three and six-month periods ended June 30, 2015 and 2014 are calculated as follows:

*(In millions of won, shares)*

	2015		2014	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
<b>Basic earnings per share attributable to owners of the Parent Company:</b>				
Profit attributable to owners of the Parent Company on common shares	395,839	840,334	498,536	768,350
Interest on hybrid bonds	(8,420)	(8,420)	(8,420)	(8,420)
Profit for the period on common shares	387,419	831,914	490,116	759,930
Weighted average number of common shares outstanding	71,326,988	71,132,741	70,936,336	70,936,336
Basic earnings per share (In won)	5,432	11,695	6,909	10,713

2) The weighted average number of common shares outstanding for the three and six-month periods ended June 30, 2015 and 2014 are calculated as follows:

*(In shares)*

	Number of shares	Weighted number of shares	
		Three-month period ended June 30	Six-month period ended June 30
Outstanding common shares at January 1, 2015	80,745,711	80,745,711	80,745,711
Effect of treasury stock	(8,116,551)	(9,418,723)	(9,612,970)
Weighted average number of common shares outstanding at June 30, 2015	72,629,160	71,326,988	71,132,741

*(In shares)*

	Number of shares	Weighted number of shares	
		Three-month period ended June 30	Six-month period ended June 30
Outstanding common shares at January 1, 2014	80,745,711	80,745,711	80,745,711
Effect of treasury stock	(9,809,375)	(9,809,375)	(9,809,375)
Weighted average number of common shares outstanding at June 30, 2014	70,936,336	70,936,336	70,936,336

(2) Diluted earnings per share

For the six-month periods ended June 30, 2015 and 2014, there were no potentially dilutive shares. Therefore, diluted earnings per share for the six-month periods ended June 30, 2015 and 2014 are the same as basic earnings per share.

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**32. Categories of Financial Instruments**

(1) Financial assets by categories as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)*

	June 30, 2015				
	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			829,659		829,659
Financial instruments			286,218		286,218
Short-term investment securities		342,795			342,795
Long-term investment securities		1,149,319			1,149,319
Accounts receivable trade			2,508,496		2,508,496
Loans and other receivables(*)			1,103,092		1,103,092
Derivative financial assets	5,380			62,114	67,494
	5,380	1,492,114	4,727,465	62,114	6,287,073

*(In millions of won)*

	December 31, 2014				
	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			834,429		834,429
Financial instruments			313,699		313,699
Short-term investment securities		280,161			280,161
Long-term investment securities	7,817	948,463			956,280
Accounts receivable trade			2,460,686		2,460,686
Loans and other receivables(*)			1,123,507		1,123,507
Derivative financial assets	8,713			61,322	70,035
	16,530	1,228,624	4,732,321	61,322	6,038,797

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For the six-month periods ended June 30, 2015 and 2014

**32. Categories of Financial Instruments, Continued**

(1) Financial assets by categories as of June 30, 2015 and December 31, 2014 are as follows, Continued:

(\*) Details of loans and other receivables as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)*

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Short-term loans	32,195	74,512
Accounts receivable other	697,103	690,527
Accrued income	10,264	10,134
Other current assets	4,685	3,866
Long-term loans	58,751	55,728
Long-term accounts receivable other	3,658	3,596
Guarantee deposits	296,436	285,144
	1,103,092	1,123,507

(2) Financial liabilities by categories as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)*

	<b>June 30, 2015</b>			
	<b>Financial liabilities at fair value through profit or loss</b>	<b>Financial liabilities measured at amortized cost</b>	<b>Derivative financial instruments designated as hedged item</b>	<b>Total</b>
Accounts payable trade		291,316		291,316
Derivative financial liabilities			88,498	88,498
Borrowings		1,091,156		1,091,156
Debentures(*1)	55,351	6,362,229		6,417,580
Accounts payable other and others(*2)		2,577,647		2,577,647
	55,351	10,322,348	88,498	10,466,197

*(In millions of won)*

**December 31, 2014**

**Total**

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	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		275,495		275,495
Derivative financial liabilities			130,889	130,889
Borrowings		537,562		537,562
Debentures(*1)	110,365	6,108,265		6,218,630
Accounts payable other and others(*2)		3,241,615		3,241,615
	110,365	10,162,937	130,889	10,404,191

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For the six-month periods ended June 30, 2015 and 2014

**32. Categories of Financial Instruments, Continued**

(2) Financial liabilities by categories as of June 30, 2015 and December 31, 2014 are as follows, Continued:

(\*1) Bonds classified as financial liabilities at fair value through profit or loss as of June 30, 2015 and December 31, 2014 are structured bonds and they were designated as financial liabilities at fair value through profit or loss in order to settle the difference of the measurement bases of accounting profit or loss between the related derivatives and bonds.

(\*2) Details of accounts payable and other payables as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)*

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Accounts payable other	1,066,880	1,381,850
Withholdings	1,914	1,760
Accrued expenses	786,418	952,418
Current installments of long-term payables other	120,699	193,193
Long-term payables other	577,406	684,567
Finance lease liabilities		26
Other non-current liabilities	24,330	27,801
	<b>2,577,647</b>	<b>3,241,615</b>

**33. 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, 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 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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**33. Financial Risk Management, Continued**

## (1) Financial risk management, Continued

## 1) Market risk, Continued

## (i) Currency risk, Continued

Monetary foreign currency assets and liabilities as of June 30, 2015 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	181,643	210,357	1,885,459	2,119,442
EUR	10,841	13,995	28	36
JPY	35,507	326	1,897	17
AUD			298,776	257,802
CHF			299,163	363,241
Others	1,411	487	1	1
		225,165		2,740,539

In addition, the Group has entered into cross currency swaps to hedge against currency risk related to foreign currency borrowings and debentures. (See Note 21)

As of June 30, 2015, 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	7,049	(7,049)
EUR	1,363	(1,363)
JPY	31	(31)
Others	48	(48)
	8,491	(8,491)

(ii) Equity price risk

The Group has equity securities which include listed and non-listed securities for its liquidity and operating purpose. As of June 30, 2015, available-for-sale equity instruments measured at fair value amount to 1,097,621 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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**33. Financial Risk Management, Continued**

## (1) Financial risk management, Continued

## 1) Market risk, Continued

## (iii) Interest rate risk, Continued

The Group's interest rate risk arises from floating-rate borrowings and debentures. As of June 30, 2015, floating-rate borrowings and debentures amount to 29,300 million and 337,230 million respectively, the Group has entered into interest rate swaps to hedge interest rate risk related to floating-rate debentures. (See Note 21) If interest rate only increases (decreases) by 1%, income before income taxes for the six-month period ended June 30, 2015 would have been changed 293 million due to the interest expense from floating-rate borrowings.

## 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 June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)*

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Cash and cash equivalents	829,462	833,129
Financial instruments	286,218	313,699
Available-for-sale financial assets	30,805	15,498
Accounts receivable - trade	2,508,496	2,460,686
Loans and receivables	1,103,092	1,123,507
Derivative financial assets	67,494	70,035
Financial assets at fair value through profit or loss		7,817
	<b>4,825,567</b>	<b>4,824,371</b>

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 six-month period ended June 30, 2015, 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 June 30, 2015.

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 29.



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**33. 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 June 30, 2015 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	291,316	291,317	291,317		
Borrowings(*1)	1,091,156	1,108,746	967,561	114,659	26,526
Debentures(*1)	6,417,580	7,685,893	746,696	4,382,877	2,556,320
Accounts payable-other and others(*2)	2,577,647	2,644,084	1,932,024	584,515	127,545
	10,377,699	11,730,040	3,937,598	5,082,051	2,710,391

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 borrowings and debentures.

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

As of June 30, 2015, periods which cash flows from cash flow hedge derivatives are expected to occur are as follows:

*(In millions of won)*

	Carrying amount	Contractual cash flows	Less than 1 year	1 - 5 years	More than 5 years
Assets	62,114	60,232	3,253	57,930	(951)
Liabilities	(88,498)	(91,506)	(10,258)	(80,648)	(600)
	(26,384)	(31,274)	(7,005)	(22,718)	(1,551)

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**33. Financial Risk Management, Continued****(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 December 31, 2014.

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

Debt-equity ratio as of June 30, 2015 and December 31, 2014 are as follows:

<i>(In millions of won)</i>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Liabilities	12,723,919	12,692,963
Equity	15,317,587	15,248,270
Debt-equity ratio	83.07%	83.24%

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**33. Financial Risk Management, Continued**

## (3) Fair value

- 1) Fair value and carrying amount of financial assets and liabilities including fair value hierarchy as of June 30, 2015 are as follows:

*(In millions of won)*

	Carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial assets that can be measured at fair value</b>					
Financial assets at fair value through profit or loss	5,380		5,380		5,380
Derivative financial assets	62,114		62,114		62,114
Available-for-sale financial assets	1,097,621	912,704	47,140	137,777	1,097,621
	1,165,115	912,704	114,634	137,777	1,165,115
<b>Financial assets that cannot be measured at fair value</b>					
Cash and cash equivalents(*1)	829,659				
Available-for-sale financial assets(*1,2)	394,493				
Accounts receivable trade and others(*1)	3,611,588				
Financial instruments(*1)	286,218				
	5,121,958				
<b>Financial liabilities that can be measured at fair value</b>					
Financial liabilities at fair value through profit or loss	55,351		55,351		55,351
Derivative financial liabilities	88,498		88,498		88,498
	143,849		143,849		143,849
<b>Financial liabilities that cannot be measured at fair value</b>					
Accounts payable trade(*1)	291,316				
Borrowings	1,091,156		1,095,444		1,095,444
Debentures	6,362,229		6,791,982		6,791,982
Accounts payable other and others(*1)	2,577,647				
	10,322,348		7,887,426		7,887,426



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**33. Financial Risk Management, Continued**

(3) Fair value, Continued

- 2) Fair value and carrying amount of financial assets and liabilities including fair value hierarchy as of December 31, 2014 are as follows:

*(In millions of won)*

	Carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial assets that can be measured at fair value</b>					
Financial assets at fair value through profit or loss	16,530		8,713	7,817	16,530
Derivative financial assets	61,322		61,322		61,322
Available-for-sale financial assets	846,614	657,286	47,002	142,326	846,614
	924,466	657,286	117,037	150,143	924,466
<b>Financial assets that cannot be measured at fair value</b>					
Cash and cash equivalents(*1)	834,429				
Available-for-sale financial assets(*1,2)	382,010				
Accounts receivable trade and others(*1)	3,584,193				
Financial instruments(*1)	313,699				
	5,114,331				
<b>Financial liabilities that can be measured at fair value</b>					
Financial liabilities at fair value through profit or loss	110,365		110,365		110,365
Derivative financial liabilities	130,889		130,889		130,889
	241,254		241,254		241,254
<b>Financial liabilities that cannot be measured at fair value</b>					
Accounts payable trade(*1)	275,495				
Borrowings	537,562		549,083		549,083
Debentures	6,108,265		6,514,832		6,514,832
Accounts payable other and others(*1)	3,241,615				
	10,162,937		7,063,915		7,063,915

(\*1)

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Does not include fair values of financial assets and liabilities of which fair values have not been measured as carrying amounts are closed to the reasonable approximate fair values.

(\*2) Equity instruments which do not have quoted price in an active market for the identical instruments (inputs for Level 1) are measured at cost in accordance with K-IFRS 1039 as such equity instruments cannot be reliably measured using other methods. Fair value of the financial instruments that are traded in an active market (available-for-sale financial assets, financial liabilities at fair value through profit or loss, etc.) is measured based on the bid price at the end of the reporting date.

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**33. Financial Risk Management, Continued**

## (3) Fair value, Continued

The Group uses various valuation methods for valuation of fair value of financial instruments that are not traded in an active market. Fair value of available-for-sale securities is determined using the market approach methods and financial assets through profit or loss are measured using the option pricing model. In addition, derivative financial contracts and long-term liabilities are measured using the present value methods. Inputs used to such valuation methods include swap rate, interest rate, and risk premium, and the Group performs valuation using the inputs which are consistent with natures of assets and liabilities being evaluated.

Interest rates used by the Group for the fair value measurement as of June 30, 2015 are as follows:

	<b>Interest rate</b>
Derivative instruments	1.57 ~ 1.87%
Borrowings and debentures	2.33 ~ 2.48%

- 3) There have been no transfers from Level 2 to Level 1 for the six-month period ended June 30, 2015 and changes of financial assets classified as Level 3 for the six-month period ended June 30, 2015 are as follows:

*(In millions of won)*

	<b>Balance at January 1</b>	<b>Acquisition</b>	<b>Other comprehensive loss</b>	<b>Balance at June 30</b>
Available-for-sale financial assets	142,326	2,544	(7,093)	137,777

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**33. Financial Risk Management, Continued**

(4) Enforceable master netting agreement or similar agreement

Carrying amount of financial instruments recognized of which offset agreements are applicable as of June 30, 2015 are as follows:

*(In millions of won)*

	Gross financial instruments recognized	Gross offset financial instruments recognized	Net financial instruments presented on the statements of financial position	Relevant amount not offset on the statements of financial position Financial instruments	Cash collaterals received	Net amount
<b>Financial assets:</b>						
Derivatives(*)	37,578		37,578	(36,494)		1,084
Accounts receivable trade and others	115,214	(106,599)	8,615			8,615
	152,792	(106,599)	46,193	(36,494)		9,699
<b>Financial liabilities:</b>						
Derivatives(*)	36,494		36,494	(36,494)		
Accounts payable trade and others	106,599	(106,599)				
	143,093	(106,599)	36,494	(36,494)		

Carrying amount of financial instruments recognized of which offset agreements are applicable as of December 31, 2014 are as follows:

*(In millions of won)*

	Gross financial instruments recognized	Gross offset financial instruments recognized	Net financial instruments presented on the statements of financial position	Relevant amount not offset on the statements of financial position Financial instruments	Cash collaterals received	Net amount
<b>Financial assets:</b>						
Derivatives(*)	48,057		48,057	(45,892)		2,165
Accounts receivable trade and others	128,794	(117,568)	11,226			11,226
	176,851	(117,568)	59,283	(45,892)		13,391
<b>Financial liabilities:</b>						
Derivatives(*)	45,892		45,892	(45,892)		
Accounts payable trade and others	117,568	(117,568)				

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163,460      (117,568)      45,892      (45,892)

(\*) The amount is applicable by enforceable master netting agreement according to ISDA (International Swap and Derivatives Association).

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**34. Transactions with Related Parties**

- (1) List of related parties

<b>Relationship</b>	<b>Company</b>
Ultimate Controlling Entity	SK Holding Co., Ltd.
Subsidiaries	SK Planet Co., Ltd. and 38 others (See Note 1)
Joint ventures	Dogus Planet, Inc. and four others
Associates	SK hynix Inc. and 51 others
Affiliates	The Ultimate Controlling Entity's investee under equity method, the Ultimate Controlling Entity's subsidiaries and associates, etc.

- (2) 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 compensation given to such key management for the three and six-month periods ended June 30, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	<b>2015</b>		<b>2014</b>	
	<b>Three-month period ended June 30, 2015</b>	<b>Six-month period ended June 30, 2015</b>	<b>Three-month period ended June 30, 2014</b>	<b>Six-month period ended June 30, 2014</b>
Salaries	203	1,560	287	1,626
Provision for retirement benefits	421	542	113	681
	624	2,102	400	2,307

Compensation for the key management includes salaries, non-monetary salaries and contributions made in relation to the pension plan.

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For the six-month periods ended June 30, 2015 and 2014

**34. Transactions with Related Parties, Continued**

(3) Transactions with related parties for the three and six-month periods ended June 30, 2015 and 2014 are as follows:

*(In millions of won)*

Scope	Company	2015							
		Operating revenue and others		Operating expense and others		Acquisition of property and equipment		Loans	
		Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
Ultimate Controlling Entity	SK Holding Co., Ltd.(*1)	1,090	1,244	9,240	189,121				
Associates	F&U Credit information Co., Ltd.	662	1,331	10,127	22,366				
	HappyNarae Co., Ltd.	68	139	2,001	2,959	2,481	2,869		
	SK hynix Inc.(*2)	2,627	50,178	2,194	2,199				
	SK Wyverns Baseball Club Co., Ltd.	1,278	3,130	1,606	11,435				
	KEB HanaCard Co., Ltd.	5,418	10,850	2,496	8,223				
	Xian Tianlong Science and Technology Co., Ltd.							121	7,153
	Others(*3)	3,663	5,056	4,995	9,512	11	1,141		500
		13,716	70,684	23,419	56,694	2,492	4,010	121	7,653
Other	SK Engineering & Construction Co., Ltd.	1,177	4,759	11,077	13,057	73,059	125,394		
	SK C&C Co., Ltd.	3,438	7,379	79,359	160,928	49,150	90,384		
	SK Networks Co., Ltd.	4,318	6,023	255,918	620,717				
	SK Networks service Co., Ltd.	2,483	4,830	24,893	37,774	522	526		
	SK Telesys Co., Ltd.	110	212	9,659	21,101	12,342	73,359		
	SK Energy Co., Ltd.	1,877	3,015	227	443				
	SK Gas Co., Ltd.	813	1,885						
	Others	6,628	13,094	10,180	19,660	4,214	4,563		
		20,844	41,197	391,313	873,680	139,287	294,226		
Total		35,650	113,125	423,972	1,119,495	141,779	298,236	121	7,653

(\*1) Operating expense and others include 171,053 million of dividends paid by the Parent Company.

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(\*2) Operating revenue and others include 43,830 million of dividends paid by SK hynix Inc. and deducted from the investment in associates.

(\*3) Operating revenue and others include 2,103 million and 227 million of dividends paid by Korea IT Fund and UniSK, respectively, and deducted from the investment in associates.



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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**34. Transactions with Related Parties, Continued**

(3) Transactions with related parties for the three and six-month periods ended June 30, 2015 and 2014 are as follows, Continued:

*(In millions of won)*

Scope	Company	2014							
		Operating revenue and others		Operating expense and others		Acquisition of property and equipment		Loans	
		Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
Ultimate Controlling Entity	SK Holding Co., Ltd.(*1)	130	255	8,954	188,694				
Associates	F&U Credit information Co., Ltd.	470	993	9,740	21,982				
	HappyNarae Co., Ltd.	74	129	1,072	2,617	3,157	4,050		
	SK hynix Inc.	2,208	4,922		879				
	SK Wyverns Baseball Club Co., Ltd.	180	228	120	9,041				
	HanaSK Card Co., Ltd.(*2)	11,179	21,436	1,078	2,297				
	Others	2,138	3,433	5,133	8,602			45	45
		16,249	31,141	17,143	45,418	3,157	4,050	45	45
Other	SK Engineering & Construction Co., Ltd.	821	1,669	23,544	23,544	70,063	100,126		
	SK C&C Co., Ltd.	4,689	8,595	71,056	154,140	25,364	51,409		
	SK Networks Co., Ltd.	6,229	12,354	551,082	928,615	2,452	3,251		
	SK Networks service Co., Ltd.	5,359	5,423	22,880	41,511	716	716		
	SK Telesys Co., Ltd.	80	202	25,677	46,113	54,873	78,838		
	SK Energy Co., Ltd.	7,834	11,848	221	443				
	SK Gas Co., Ltd.	786	3,952						
	Others	5,636	10,534	5,184	14,718	4,623	5,150		
		31,434	54,577	699,644	1,209,084	158,091	239,490		
Total		47,813	85,973	725,741	1,443,196	161,248	243,540	45	45

(\*1) Operating expense and others include 171,053 million of dividends paid by the Parent Company.

(\*2) During the year ended December 31, 2014, due to the merger with Hana SK Card Co., Ltd., the Parent Company's associate and KEB Card Co., Ltd., the Group exchanged 57,647,058 shares of Hana SK Card Co., Ltd., with 67,627,587 shares of the surviving company, KEB HanaCard Co., Ltd.



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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**34. Transactions with Related Parties, Continued**

(4) Account balances as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)*

Scope	Company	Loans	June 30, 2015		
			Accounts receivable Accounts receivable-trade, and others	Accounts payable Accounts payable-trade, and others	
Ultimate Controlling Entity	SK Holding Co., Ltd.		433		
Associates	HappyNarae Co., Ltd.		13	959	
	F&U Credit information Co., Ltd.		39	1,439	
	SK hynix Inc.		1,346	2,414	
	SK Wyverns Baseball Club Co., Ltd.	1,221	303	435	
	Wave City Development Co., Ltd.	1,700	38,412		
	Daehan Kanggun BcN Co., Ltd.	22,148			
	KEB HanaCard Co., Ltd.		1,869	4,868	
	Xian Tianlong Science and Technology Co., Ltd.	7,153			
	Others		817	1,847	
			32,222	42,799	11,962
	Other	SK Engineering & Construction Co., Ltd.		3,847	20,363
SK C&C Co., Ltd.			1,416	65,032	
SK Networks Co., Ltd.			5,691	174,880	
SK Networks Services Co., Ltd.			15	2,921	
SK Telesys Co., Ltd.			231	9,341	
SK Innovation Co., Ltd.			1,761	282	
SK Energy Co., Ltd.			1,624	62	
SK Gas Co., Ltd.			59	9	
Others			2,129	14,399	
			16,773	287,289	
Total		32,222	60,005	299,251	

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**34. Transactions with Related Parties, Continued**

(4) Account balances as of June 30, 2015 and December 31, 2014 are as follows, Continued:

*(In millions of won)*

Scope	Company	Loans	December 31, 2014		
			Accounts receivable Accounts receivable-trade, and others	Accounts payable Accounts payable-trade, and others	
Ultimate Controlling Entity	SK Holding Co., Ltd.		90		
Associates	HappyNarae Co., Ltd.		13	2,650	
	F&U Credit information Co., Ltd.		148	797	
	SK hynix Inc.		2,800	2,840	
	SK Wyverns Baseball Club Co., Ltd.	1,221			
	Wave City Development Co., Ltd.	1,200	38,412		
	Daehan Kanggun BeN Co., Ltd.	22,148			
	KEB HanaCard Co., Ltd.		1,998	59	
	Others		543	1,285	
			24,569	43,914	7,631
	Other	SK Engineering & Construction Co., Ltd.		897	27,282
SK C&C Co., Ltd.			1,393	121,145	
SK Networks. Co., Ltd.			2,608	238,351	
SK Networks Services Co., Ltd.			16	2,922	
SK Telesys Co., Ltd.			321	3,037	
SK Innovation Co., Ltd.			1,641	271	
SK Energy Co., Ltd.			4,781	79	
SK Gas Co., Ltd.			2,143	47	
Others			2,813	9,342	
			16,613	402,476	
<b>Total</b>		<b>24,569</b>	<b>60,617</b>	<b>410,107</b>	

(5) As of June 30, 2015, collateral and guarantee provided by the Group for the related parties' financing purposes are as follows. There are no collateral or guarantee provided by related parties to the Group nor the Group to related parties.

(6) M&Service Co., Ltd., a subsidiary of the Parent Company, entered into performance agreement with SK Energy Co., Ltd. and provides a blank note to SK Energy Co., Ltd., with regard to this transaction.

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- (7) During the year ended December 31, 2014, the Group acquired convertible bonds with a face value of 6,000 million from Health Connect Co., Ltd. at the face value. During the six-month period ended June 30, 2015, the Parent Company exercised the conversion right for the convertible bonds of Health Connect Co., Ltd. As a result of this transaction, investments in associates have increased by 5,900 million.
  
- (8) There were additional investments in associates and joint ventures during the six-month period ended June 30, 2015. (See Note 11)

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**35. 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 16,102 million as of June 30, 2015.

SK Broadband Co., Ltd., has guaranteed for employees' borrowings relating to employee stock ownership and provided short-term financial instruments amounting to 1,775 million as collateral as of June 30, 2015.

(2) Contingencies

As of June 30, 2015, the claim amount of pending litigations of SK Communications Co., Ltd., a subsidiary of the Parent Company, amounts to 1,440 million. The ultimate outcome of such litigation is not expected to have a material effect on the Group's financial position or performance results.

(3) Guarantee provided

PS&Marketing Corporation, a subsidiary of the Parent Company, obtained 3,000 million of payment guarantees from Shinhan Bank, in relation to handsets purchased from the Apple Computer Korea Ltd.

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**36. Statements of Cash Flows**

- (1) Adjustments for income and expenses from operating activities for the six-month periods ended June 30, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	<b>For the six-month period ended</b>	
	<b>June 30, 2015</b>	<b>June 30, 2014</b>
Interest income	(25,181)	(29,756)
Dividends	(13,339)	(10,567)
Gain on foreign currency translation	(4,024)	(15,926)
Gain on disposal of long-term investments assets	(6,252)	(6,114)
Gain on valuation of derivatives	(1,030)	(6,017)
Gain on settlement of derivatives		(119)
Gain related to investments in subsidiaries, associates and joint ventures, net	(452,323)	(294,702)
Gain on disposal of property, equipment and intangible assets	(2,765)	(3,411)
Gain on relating to financial liabilities at fair value through profit or loss	(5,188)	
Other income	(131)	(6)
Interest expenses	150,222	161,229
Loss on foreign currency translation	3,132	5,186
Loss on disposal of long-term investments securities	1,651	2,112
Other finance costs	3,151	
Loss on valuation of derivatives		12,135
Loss on settlement of derivatives	4,517	335
Income tax expense	234,970	175,635
Provision for retirement benefits	53,514	64,722
Depreciation and amortization	1,468,160	1,420,648
Bad debt expenses	34,995	23,553
Loss on disposal of property and equipment and intangible assets	3,290	3,980
Loss on impairment of property and equipment and intangible assets	1,976	3,166
Loss relating to financial assets at fair value through profit or loss		1,352
Loss relating to financial liabilities at fair value through profit or loss	174	7,798
Bad debt for accounts receivable other	4,074	8,125
Loss on disposal of investments assets		7
Loss on impairment of investment assets	18,668	127
Other expenses	7,031	5,250
	<b>1,479,292</b>	<b>1,528,742</b>

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**36. Statements of Cash Flows, Continued**

- (2) Changes in assets and liabilities from operating activities for the six-month periods ended June 30, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	<b>For the six-month period ended</b>	
	<b>June 30, 2015</b>	<b>June 30, 2014</b>
Accounts receivable trade	(79,987)	(195,944)
Accounts receivable other	(42,198)	(106,246)
Accrued income		57
Advance payments	(34,860)	(31,938)
Prepaid expenses	(14,154)	(14,301)
V.A.T. refund receivable	27	7,949
Inventories	(16,676)	(142,872)
Guarantee deposits	(12,118)	(5,876)
Accounts payable trade	36,889	118,439
Accounts payable other	(132,104)	(491,376)
Advanced receipts	(3,289)	11,668
Withholdings	(178,717)	218,630
Deposits received	(7,475)	(1,275)
Accrued expenses	(162,490)	(35,025)
V.A.T. payable	13,419	8,019
Unearned revenue	(71,067)	(56,921)
Provisions	(29,665)	4,710
Long-term provisions	(9,137)	32,304
Plan assets	1,301	2,415
Retirement benefit payment	(33,513)	(33,361)
Others	(11,128)	893
	(786,942)	(710,051)

- (3) Significant non-cash transactions for the six-month periods ended June 30, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	<b>For the six-month period ended</b>	
	<b>June 30, 2015</b>	<b>June 30, 2014</b>
Transfer of other property and equipment and others to construction in progress	720,259	943,978
Transfer of construction in progress to property and equipment, and intangible assets	328,438	364,744
Decrease of accounts payable other related to acquisition of property and equipment and intangible assets	(184,377)	(316,164)
Increase of accounts receivable other related to disposal of property and equipment and intangible assets		2,015



**37. Subsequent Events**

(1) Interim dividends

On July 23, 2015, the Board of Directors of the Parent Company resolved to pay interim cash dividends of 1,000 per share totaling 72,629 million (Market dividend rate: 0.40%). The ex-dividend date was June 30, 2015 and the interim dividends are expected to be paid within twenty days after the date of the Board of Directors' resolution.

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**SK TELECOM CO., LTD.**

Condensed Separate Interim Financial Statements

(Unaudited)

**June 30, 2015 and 2014**

(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 June 30, 2015, the related condensed separate statements of income and comprehensive income for the three and six-month periods ended June 30, 2015 and 2014, the condensed separate interim statements of changes in equity and cash flows for the six-month periods ended June 30, 2015 and 2014, 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 Korean Standards on Auditing 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.

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**Other matters**

The separate statement of financial position of the Company as of December 31, 2014, 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 in accordance with Korean Standards on Auditing and our report thereon, dated February 23, 2015, expressed an unqualified opinion. The accompanying condensed separate statement of financial position of the Company as of December 31, 2014, 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 separate interim financial statements may differ from those generally accepted and applied in other countries.

KPMG Samjong Accounting Corp.

Seoul, Korea

August 7, 2015

This report is effective as of August 7, 2015, 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 separate 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.

Condensed Separate Statements of Financial Position

As of June 30, 2015 and December 31, 2014

<i>(In millions of won)</i>	Note	June 30, 2015	December 31, 2014
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	26,27	155,687	248,311
Short-term financial instruments	4,26,27	133,000	143,000
Short-term investment securities	6,26,27	267,140	197,161
Accounts receivable trade, net	5,26,27,28	1,597,007	1,559,281
Short-term loans, net	5,26,27,28	21,758	67,989
Accounts receivable other, net	5,26,27,28	300,037	305,990
Prepaid expenses		82,509	86,070
Inventories, net		34,401	23,694
Advanced payments and other	5,26,27	94,336	58,417
<b>Total Current Assets</b>		<b>2,685,875</b>	<b>2,689,913</b>
<b>Non-Current Assets:</b>			
Long-term financial instruments	4,26,27	69	69
Long-term investment securities	6,26,27	731,379	608,797
Investments in subsidiaries and associates	7	8,674,128	8,181,769
Property and equipment, net	8,28	7,423,274	7,705,906
Goodwill	9	1,306,236	1,306,236
Intangible assets, net	10	1,755,891	1,928,169
Long-term loans, net	5,26,27,28	34,874	38,457
Long-term prepaid expenses		29,847	28,551
Guarantee deposits	4,5,26,27,28	163,891	156,807
Long-term derivative financial assets	15,26,27	57,883	67,728
Other non-current assets		98	60
<b>Total Non-Current Assets</b>		<b>20,177,570</b>	<b>20,022,549</b>
<b>Total Assets</b>		<b>22,863,445</b>	<b>22,712,462</b>

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 June 30, 2015 and December 31, 2014

<i>(In millions of won)</i>	Note	June 30, 2015	December 31, 2014
<b>Liabilities and Equity</b>			
<b>Current Liabilities:</b>			
Short-term borrowings	11,26,27	770,000	200,000
Current installments of debentures and long-term borrowings, net	11,26,27	282,297	211,863
Current installments of long-term payables other	12,26,27	118,955	189,389
Accounts payable other	26,27,28	848,511	1,086,485
Withholdings	26,27	640,045	801,119
Accrued expenses	26,27	434,316	615,488
Income tax payable	24	219,152	91,315
Unearned revenue		49,081	92,783
Provisions	13	37,576	50,456
Advanced receipts		56,113	39,148
<b>Total Current Liabilities</b>		<b>3,456,046</b>	<b>3,378,046</b>
<b>Non-Current Liabilities:</b>			
Debentures, excluding current installments, net	11,26,27	4,686,412	4,655,137
Long-term borrowings, excluding current installments	11,26,27	75,786	80,147
Long-term payables other	12,26,27	545,013	657,001
Long-term unearned revenue		4,503	19,544
Defined benefit liabilities	14	12,862	15,555
Long-term derivative financial liabilities	15,26,27	88,498	130,889
Long-term provisions	13	20,497	27,676
Deferred tax liabilities	24	109,910	144,876
Other non-current liabilities	26,27	57,551	61,370
<b>Total Non-Current Liabilities</b>		<b>5,601,032</b>	<b>5,792,195</b>
<b>Total Liabilities</b>		<b>9,057,078</b>	<b>9,170,241</b>
<b>Equity</b>			
Share capital	1,16	44,639	44,639
Capital surplus and other capital adjustments	16,17,18	845,966	433,894
Retained earnings	19	12,917,835	12,996,790
Reserves	20	(2,073)	66,898
<b>Total Equity</b>		<b>13,806,367</b>	<b>13,542,221</b>
<b>Total Liabilities and Equity</b>		<b>22,863,445</b>	<b>22,712,462</b>

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 and six-month periods ended June 30, 2015 and 2014

*(In millions of won except for per share data)*

	Note	June 30, 2015		June 30, 2014	
		Three-month period ended	Six-month period ended	Three-month period ended	Six-month period ended
<b>Operating revenue:</b>	28				
Revenue		3,143,766	6,277,222	3,264,610	6,528,313
<b>Operating expense:</b>	28				
Labor cost		249,706	423,033	147,178	313,216
Commissions paid		1,228,049	2,571,119	1,305,216	2,894,331
Depreciation and amortization		531,639	1,056,576	518,153	1,027,207
Network interconnection		182,446	352,367	219,888	434,763
Leased line		85,383	181,586	92,490	189,352
Advertising		58,398	91,028	57,108	96,546
Rent		95,663	193,593	92,520	185,243
Cost of products that have been resold		110,599	224,108	121,630	235,573
Other operating expenses	21	205,793	379,896	182,762	373,123
		2,747,676	5,473,306	2,736,945	5,749,354
<b>Operating income</b>		<b>396,090</b>	<b>803,916</b>	<b>527,665</b>	<b>778,959</b>
Finance income	23	19,735	82,519	15,102	40,706
Finance costs	23	(67,890)	(133,598)	(86,279)	(152,387)
Other non-operating income	22	3,737	6,969	13,569	28,592
Other non-operating expenses	22	(32,291)	(61,664)	(25,622)	(55,491)
<b>Profit before income tax</b>		<b>319,381</b>	<b>698,142</b>	<b>444,435</b>	<b>640,379</b>
Income tax expense	24	87,384	170,359	81,061	123,472
<b>Profit for the period</b>		<b>231,997</b>	<b>527,783</b>	<b>363,374</b>	<b>516,907</b>
<b>Earnings per share</b>	25				
Basic earnings per share (in won)		3,135	7,301	5,004	7,168
Diluted earnings per share (in won)		3,135	7,301	5,004	7,168

*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 and six-month periods ended June 30, 2015 and 2014

*(In millions of won)*

	Note	June 30, 2015		June 30, 2014	
		Three-month period ended	Six-month period ended	Three-month period ended	Six-month period ended
<b>Profit for the period</b>		<b>231,997</b>	<b>527,783</b>	<b>363,374</b>	<b>516,907</b>
<b>Other comprehensive loss</b>					
<b>Items that will never be reclassified to profit or loss, net of taxes:</b>					
Remeasurement of defined benefit liabilities	14	(410)	(2,453)	(6,467)	(9,585)
<b>Items that are or may be reclassified subsequently to profit or loss, net of taxes:</b>					
Net change in unrealized fair value of available-for-sale financial assets	20	(28,520)	(53,569)	(9,136)	(51,431)
Net change in unrealized fair value of derivatives	15,20	(24,802)	(15,402)	(21,064)	(16,693)
<b>Other comprehensive loss for the period, net of taxes</b>		<b>(53,732)</b>	<b>(71,424)</b>	<b>(36,667)</b>	<b>(77,709)</b>
<b>Total comprehensive income</b>		<b>178,265</b>	<b>456,359</b>	<b>326,707</b>	<b>439,198</b>

*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 six-month periods ended June 30, 2015 and 2014

*(In millions of won)*

	Capital surplus (deficit) and other capital adjustments								
	Loss on disposal of								
	Share capital	Paid-in surplus	Treasury stock	treasury stock	Hybrid bond	Other	Retained earnings	Reserves	Total equity
<b>Balance, January 1, 2014</b>	<b>44,639</b>	<b>2,915,887</b>	<b>(2,139,683)</b>	<b>(18,087)</b>	<b>398,518</b>	<b>(722,741)</b>	<b>12,665,699</b>	<b>171,176</b>	<b>13,315,408</b>
Cash dividends							(595,865)		(595,865)
Total comprehensive income									
Profit for the period							516,907		516,907
Other comprehensive loss							(9,585)	(68,124)	(77,709)
Interest on hybrid bond							507,322	(68,124)	439,198
							(8,420)		(8,420)
<b>Balance, June 30, 2014</b>	<b>44,639</b>	<b>2,915,887</b>	<b>(2,139,683)</b>	<b>(18,087)</b>	<b>398,518</b>	<b>(722,741)</b>	<b>12,568,736</b>	<b>103,052</b>	<b>13,150,321</b>
<b>Balance, January 1, 2015</b>	<b>44,639</b>	<b>2,915,887</b>	<b>(2,139,683)</b>	<b>(18,087)</b>	<b>398,518</b>	<b>(722,741)</b>	<b>12,996,790</b>	<b>66,898</b>	<b>13,542,221</b>
Cash dividends							(595,865)		(595,865)
Total comprehensive income									
Profit for the period							527,783		527,783
Other comprehensive loss							(2,453)	(68,971)	(71,424)
Treasury stock			369,249	18,087		24,736	525,330	(68,971)	456,359
Interest on hybrid bond							(8,420)		(8,420)
<b>Balance, June 30, 2015</b>	<b>44,639</b>	<b>2,915,887</b>	<b>(1,770,434)</b>		<b>398,518</b>	<b>(698,005)</b>	<b>12,917,835</b>	<b>(2,073)</b>	<b>13,806,367</b>

*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 six-month periods ended June 30, 2015 and 2014

<i>(In millions of won)</i>	Note	June 30, 2015	June 30, 2014
<b>Cash flows from operating activities:</b>			
Cash generated from operating activities			
Profit for the period		527,783	516,907
Adjustments for income and expenses	30	1,383,546	1,361,390
Changes in assets and liabilities related to operating activities	30	(647,987)	(452,702)
Sub-total		1,263,342	1,425,595
Interest received		11,819	9,065
Dividends received		56,561	10,567
Interest paid		(111,951)	(115,795)
Income tax paid		(68,359)	(96,712)
<b>Net cash provided by operating activities</b>		<b>1,151,412</b>	<b>1,232,720</b>
<b>Cash flows from investing activities:</b>			
Cash inflows from investing activities:			
Decrease in short-term investment securities, net			55,002
Decrease in short-term financial instruments, net		10,000	10,000
Collection of short-term loans		199,853	69,413
Proceeds from disposal of long-term investment securities		5,235	44,572
Proceeds from disposal of investments in subsidiaries and associates		185,557	
Proceeds from disposal of property and equipment		5,739	9,350
Proceeds from disposal of intangible assets		72	275
Proceeds from disposal of assets held for sale			1,056
Collection of long-term loans			1,988
Proceeds from disposal of other non-current assets			90
Sub-total		406,456	191,746
Cash outflows for investing activities:			
Increase in short-term investment securities, net		(69,842)	
Increase in short-term loans		(150,164)	(85,960)
Acquisition of long-term investment securities		(202,424)	(8,357)
Acquisition of investments in subsidiaries and associates		(246,271)	(146,536)
Acquisition of property and equipment		(789,708)	(1,024,367)
Acquisition of intangible assets		(9,859)	(23,489)
Increase in other non-current assets		(38)	
Increase in long-term loans			(45)
Sub-total		(1,468,306)	(1,288,754)
<b>Net cash used in investing activities</b>		<b>(1,061,850)</b>	<b>(1,097,008)</b>

*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 six-month periods ended June 30, 2015 and 2014

<i>(In millions of won)</i>	<b>June 30, 2015</b>	<b>June 30, 2014</b>
<b>Cash flows from financing activities:</b>		
Cash inflows from financing activities:		
Increase in short-term borrowings, net	570,000	440,000
Proceeds from long-term borrowings		3,552
Proceeds from issuance of debentures	298,718	299,354
Cash inflows from settlement of derivatives	175	118
<b>Sub-total</b>	<b>868,893</b>	<b>743,024</b>
Cash outflows for financing activities:		
Repayments of long-term borrowings	(6,407)	(6,407)
Repayments of long-term account payables other	(190,134)	(207,668)
Repayments of debentures	(250,000)	(96,151)
Payments of cash dividends	(595,865)	(595,865)
Payments of interest on hybrid bonds	(8,420)	(8,420)
Cash outflows from settlement of derivatives	(329)	(335)
<b>Sub-total</b>	<b>(1,051,155)</b>	<b>(914,846)</b>
<b>Net cash used in financing activities</b>	<b>(182,262)</b>	<b>(171,822)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(92,700)</b>	<b>(36,110)</b>
Cash and cash equivalents at beginning of the period	248,311	448,459
Effects of exchange rate changes on cash and cash equivalents	76	(155)
<b>Cash and cash equivalents at end of the period</b>	<b>155,687</b>	<b>412,194</b>

*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 six-month periods ended June 30, 2015 and 2014

**1. Reporting Entity**

SK Telecom Co., Ltd. ( the Company ) was incorporated in March 1984 under the laws of the 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 June 30, 2015, 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 Service, other institutional investors and other minority stockholders	52,265,708	64.73
Treasury stock	8,116,551	10.05
Total number of shares	80,745,711	100.00

**2. Basis of Preparation****(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, 2014. 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 with joint control of, of significant influence over, an investee, in which the investments are accounted for at cost.

**(2) Use of estimates and judgments****1) Critical judgments, assumptions and estimation uncertainties**

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.

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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, 2014.

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

### **2. Basis of Preparation, Continued**

(2) Use of estimates and judgments, Continued

2) Fair value measurement

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the finance executive.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of K-IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- ü Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
  
- ü Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
  
- ü Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Information about assumptions used for fair value measurements are included in Note 27.

(3) Common control transactions

SK Holdings Co., Ltd. ( the Ultimate Controlling Entity ) is the Ultimate Controlling Entity of the Company because it controls 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.



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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**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, 2014. 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, 2015.

(1) Changes in accounting policies

The following amendment to existing standards has been published and are mandatory for the Company for annual periods beginning on or after July 1, 2014.

1) K-IFRS 1019 Employee Benefits Employee contributions

Amendments to K-IFRS 1019 introduced a practical expedient to accounting for defined benefit plan, when employees or third parties pay contributions if certain criteria are met. According to the amendments, the entity is permitted to recognize those contributions as a reduction of the service cost in the period in which the related service is rendered, instead of forecast future contributions from employees or third parties and attribute them to periods or service as negative benefits.

There is no material impact of the application of this amendment on the Company's financial statements.

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**4. Restricted Deposits**

Deposits which are restricted in use as of June 30, 2015 and December 31, 2014 are summarized as follows:

*(In millions of won)*

	June 30, 2015	December 31, 2014
Short-term financial instruments(*)	85,500	85,500
Long-term financial instruments(*)	69	69
Guarantee deposits	280	280
	85,849	85,849

(\*) Financial instruments include charitable trust fund established by the Company. Profits from the fund are donated to charitable institutions. As of June 30, 2015, the funds cannot be withdrawn.

**5. Trade and Other Receivables**

(1) Details of trade and other receivables as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)*

	Gross amount	June 30, 2015 Allowances for impairment	Carrying amount
<b>Current assets:</b>			
Accounts receivable trade	1,718,223	(121,216)	1,597,007
Short-term loans	21,978	(220)	21,758
Accounts receivable other	362,204	(62,167)	300,037
Accrued income	6,924		6,924
	2,109,329	(183,603)	1,925,726
<b>Non-current assets:</b>			
Long-term loans	56,511	(21,637)	34,874
Guarantee deposits	163,891		163,891
	220,402	(21,637)	198,765
	2,329,731	(205,240)	2,124,491

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(In millions of won)

	<b>December 31, 2014</b>		
	<b>Gross amount</b>	<b>Allowances for impairment</b>	<b>Carrying amount</b>
<b>Current assets:</b>			
Accounts receivable trade	1,665,941	(106,660)	1,559,281
Short-term loans	68,676	(687)	67,989
Accounts receivable other	366,821	(60,831)	305,990
Accrued income	6,354		6,354
	2,107,792	(168,178)	1,939,614
<b>Non-current assets:</b>			
Long-term loans	60,130	(21,673)	38,457
Guarantee deposits	156,807		156,807
	216,937	(21,673)	195,264
	2,324,729	(189,851)	2,134,878

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**5. Trade and Other Receivables, Continued**

- (2) Changes in allowances for doubtful accounts of trade and other receivables during the six-month periods ended June 30, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	<b>For the six-month period ended</b>	
	<b>June 30, 2015</b>	<b>June 30, 2014</b>
Balance at January 1	189,851	174,480
Increase of bad debt allowances	27,697	24,157
Write-offs	(22,319)	(25,391)
Collection of receivables previously written-off	10,011	9,578
<b>Balance at June 30</b>	<b>205,240</b>	<b>182,824</b>

- (3) Details of overdue but not impaired, and impaired trade and other receivables as of June 30, 2015 and December 31, 2014 are as follows:

<i>(In millions of won)</i>	<b>June 30, 2015</b>		<b>December 31, 2014</b>	
	<b>Accounts receivable</b>		<b>Accounts receivable</b>	
	<b>- trade</b>	<b>Other receivables</b>	<b>- trade</b>	<b>Other receivables</b>
Neither overdue nor impaired	1,215,386	499,520	1,182,627	553,014
Overdue but not impaired	51,496		47,663	
Impaired	451,341	111,988	435,651	105,774
	1,718,223	611,508	1,665,941	658,788
Allowances for doubtful accounts	(121,216)	(84,024)	(106,660)	(83,191)
	1,597,007	527,484	1,559,281	575,597

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.

- (4) The aging of overdue but not impaired accounts receivable as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)***June 30, 2015****December 31, 2014**

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Less than 1 month	9,900	12,045
1 ~ 3 months	16,852	15,222
3 ~ 6 months	9,854	8,591
More than 6 months	14,890	11,805
	51,496	47,663

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**6. Investment Securities**

(1) Details of short-term investment securities as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)*

	June 30, 2015	December 31, 2014
Beneficiary certificates(*)	267,140	197,003
Current installments of long-term investment securities		158
	267,140	197,161

(\*) The distributions arising from beneficiary certificates as of June 30, 2015, were accounted for as accrued income.

(2) Details of long-term investment securities as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)*

	June 30, 2015	December 31, 2014
<b>Equity securities:</b>		
Marketable equity securities	607,306	490,741
Unlisted equity securities(*1)	42,877	28,696
Equity investments(*2)	72,039	73,054
	722,222	592,491
<b>Debt securities:</b>		
Public bonds(*3)		158
Investment bonds(*4)	9,157	16,306
	9,157	16,464
<b>Total</b>	731,379	608,955
Less current installments of long-term investment securities		(158)
<b>Long-term investment securities</b>	731,379	608,797

(\*1) Unlisted equity securities whose fair value cannot be measured reliably are recorded at cost.

(\*2) Equity investments are recorded at cost.

(\*3) Details of maturity for the public bonds as of June 30, 2015 and December 31, 2014 are as follows:

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(In millions of won)

	June 30, 2015	December 31, 2014
Less than 1 year		158

- (\*4) During the six-month period ended June 30, 2015, the Company exercised the conversion right for the convertible bonds of Health Connect Co., Ltd., which were classified as available-for-sale financial assets. Health Connect Co., Ltd. has been classified as investments in associates ( 5,900 million) as the Company obtained significant influence over the investee. As a result of this transaction, investments in associates have increased by 5,900 million and the remaining convertible bonds of 560 million was fully redeemed. Also, the Company classified the convertible bonds of IRIVER LIMITED, amounting to 7,128 million, as financial assets at fair value through profit or loss and the difference between carrying amount and fair value was accounted for as gain or loss relating to financial assets at fair value through profit or loss.

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**7. Investments in Subsidiaries and Associates**

(1) Investments in subsidiaries and associates as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)*

	June 30, 2015	December 31, 2014
Investments in subsidiaries	4,287,049	3,614,750
Investments in associates	4,387,079	4,567,019
	8,674,128	8,181,769

(2) Details of investments in subsidiaries as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won, except for share data)*

	Number of shares	June 30, 2015 Ownership (%)	Carrying amount	December 31, 2014 Carrying amount
SK Telink Co., Ltd.	1,082,272	83.5	144,740	144,740
SK Broadband Co., Ltd.(*1)	295,959,080	100.0	1,860,398	1,242,247
PS&Marketing Corporation	66,000,000	100.0	313,934	313,934
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.	72,927,317	100.0	1,538,020	1,538,020
Neosnetworks Co., Ltd.(*2)	408,435	83.9	63,967	23,968
IRIVER LIMITED	15,202,039	49.0	54,503	54,503
SK Telecom China Holdings Co., Ltd.		100.0	38,652	29,116
SKT Vietnam PTE. Ltd.	180,476,700	73.3	2,364	2,364
SKT Americas, Inc.	122	100.0	83,871	83,871
YTK Investment Ltd.		100.0	18,693	27,945
Atlas Investment		100.0	77,050	77,050
SK Global Healthcare Business Group Ltd.		100.0	39,649	25,784
			4,287,049	3,614,750

(\*1) On March 20, 2015, the Board of Directors of the Company decided to grant 0.0168936 share of its treasury stock in exchange for 1 share of SK Broadband Co., Ltd., a subsidiary of the Company, to the shareholders of SK Broadband Co., Ltd. as of June 9, 2015. After the stock exchange, SK Broadband Co., Ltd. became a wholly-owned subsidiary of the Company.

(\*2) The Company newly acquired 50,377 and 326,748 shares of Neosnetworks Co., Ltd. by participating in the capital increase and capital increase without consideration respectively during the six-month period ended June 30, 2015.





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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**7. Investments in Subsidiaries and Associates, Continued**

(3) Details of investments in associates as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won, except for share data)*

		<b>June 30, 2015</b>		<b>December 31, 2014</b>
	<b>Number of</b>	<b>Ownership</b>	<b>Carrying</b>	<b>Carrying</b>
	<b>shares</b>	<b>percentage</b>	<b>amount</b>	<b>amount</b>
		<b>(%)</b>		
SK China Company Ltd.(*1)	720,000	9.6	47,830	47,830
HappyNarae Co., Ltd.	680,000	42.5	12,250	12,250
Korea IT Fund(*2)	190	63.3	220,957	220,957
Wave City Development Co., Ltd.(*1)	393,460	19.1	1,532	1,532
KEB HanaCard Co., Ltd.(*1,3)	39,902,323	15.0	253,739	430,044
Daehan Kanggun BcN Co., Ltd.	1,675,126	29.0	8,340	8,340
NanoEnTek, Inc.	5,870,290	26.0	37,959	37,959
SK Industrial Development China Co., Ltd.	77,762,360	21.0	83,691	83,691
Packet One Network(*1)	2,265,944	13.6	60,706	60,706
SK Technology Innovation Company	14,700	49.0	45,864	45,864
SK hynix Inc.	146,100,000	20.1	3,374,725	3,374,725
SK MENA Investment B.V.	9,772,686	32.1	14,485	14,485
SK Latin America Investment S.A.	9,448,937	32.1	14,243	14,243
SKY Property Mgmt. Ltd.	12,639	33.0	145,656	145,656
SK Wyverns Baseball Club Co., Ltd. and others			65,102	68,737
			4,387,079	4,567,019

(\*1) Classified as investments in associates as the Company can exercise significant influence through its participation on the board of directors even though the Company has less than 20% of equity interests.

(\*2) Investment in Korea IT Fund was classified as investment in associates as the Company has less than 50% of voting rights, and therefore does not have control over Korea IT Fund under the agreement.

(\*3) During the six-month period ended June 30, 2015, the Company disposed of 27,725,264 shares of KEB HanaCard Co., Ltd.

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**7. Investments in Subsidiaries and Associates, Continued**

(4) The market price of investments in listed subsidiaries as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won, except for share data)*

	June 30, 2015			December 31, 2014		
	Market value per share (In won)	Number of shares	Market price	Market value per share (In won)	Number of shares	Market price
IRIVER LIMITED	5,590	15,202,039	84,979	6,370	15,202,039	96,837
SK Broadband Co., Ltd.(*)		295,959,080		4,380	149,638,354	655,416

(\*) Due to the voluntary delisting of SK Broadband Co., Ltd. during the six-month period ended June 30, 2015, the market price is not disclosed as of June 30, 2015.

**8. Property and Equipment**

Changes in property and equipment for the six-month periods ended June 30, 2015 and 2014 are as follows:

*(In millions of won)*

	Beginning balance	For the six-month period ended June 30, 2015				Ending balance
		Acquisition	Disposal	Transfer	Depreciation	
Land	448,255	828	(328)	5,155		453,910
Buildings	568,874	782	(4,131)	21,997	(17,409)	570,113
Structures	350,915	761	(33)	11,911	(17,013)	346,541
Machinery	5,277,929	22,013	(689)	525,155	(791,819)	5,032,589
Other	430,478	421,932	(1,730)	(309,165)	(54,630)	486,885
Construction in progress	629,455	200,553		(296,772)		533,236
	7,705,906	646,869	(6,911)	(41,719)	(880,871)	7,423,274

*(In millions of won)*

	Beginning balance	For the six-month period ended June 30, 2014				Ending balance
		Acquisition	Disposal	Transfer	Depreciation	
Land	416,991	3,372		14,221		434,584
Buildings	585,375	428	(101)	5,967	(17,177)	574,492
Structures	363,093	125		3,406	(16,257)	350,367

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Machinery	4,945,088	30,095	(709)	729,287	(772,697)	4,931,064
Other	472,832	533,525	(1,140)	(339,991)	(51,053)	614,173
Construction in progress	676,607	178,473	(9,438)	(431,598)		414,044
	7,459,986	746,018	(11,388)	(18,708)	(857,184)	7,318,724

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**9. Goodwill**

Goodwill as of June 30, 2015 and December 31, 2014 is as follows:

*(In millions of won)*

	June 30, 2015	December 31, 2014
Goodwill related to acquisition of Shinsegi Telecom, Inc.	1,306,236	1,306,236

**10. Intangible Assets**

(1) Changes in intangible assets for the six-month periods ended June 30, 2015 and 2014 are as follows:

*(In millions of won)*

	Beginning balance	For the six-month period ended June 30, 2015				Ending balance
		Acquisition	Disposal	Transfer	Amortization	
Frequency use rights	1,384,044				(140,264)	1,243,780
Land use rights	14,016	1,412			(2,431)	12,997
Industrial rights	10,583	3,507	(2)		(2,109)	11,979
Facility usage rights	15,843	515	(12)	271	(1,276)	15,341
Memberships	63,465	62				63,527
Other	440,218	4,363	(5)	50,721	(87,030)	408,267
	1,928,169	9,859	(19)	50,992	(233,110)	1,755,891

*(In millions of won)*

	Beginning balance	For the six-month period ended June 30, 2014				Ending balance
		Acquisition	Disposal	Transfer	Amortization	
Frequency use rights	1,664,571				(140,264)	1,524,307
Land use rights	9,752	4,000			(2,038)	11,714
Industrial rights	9,113	2,796			(1,717)	10,192
Facility usage rights	16,155	615	(16)	379	(1,250)	15,883
Memberships	82,815					82,815
Other	456,761	16,078	(330)	31,600	(81,137)	422,972
	2,239,167	23,489	(346)	31,979	(226,406)	2,067,883



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Notes to the Condensed Separate Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**10. Intangible Assets, Continued**

- (2) The carrying amount and residual useful lives of frequency usage rights as of June 30, 2015 are as follows, all of which are depreciated on a straight-line basis:

*(In millions of won)*

	Amount	Description	Commencement of amortization	Completion of amortization
W-CDMA license	150,691	Frequency use rights relating to W-CDMA service	Dec. 2003	Dec. 2016
W-CDMA license	24,466	Frequency use rights relating to W-CDMA service	Oct. 2010	Dec. 2016
800MHz license	243,264	Frequency use rights relating to CDMA and LTE service	Jul. 2011	Jun. 2021
1.8GHz license	816,530	Frequency use rights relating to LTE service	Sep. 2013	Dec. 2021
WiBro license	8,829	WiBro service	Mar. 2012	Mar. 2019
	1,243,780			

**11. Borrowings and Debentures**

- (1) Short-term borrowings as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)*

Lender	Annual interest rate (%)	Maturity	June 30, 2015	December 31, 2014
Korea Development Bank	2.48	Apr. 30, 2015		100,000
	2.11	Sep. 30, 2015	100,000	
	2.11	Oct. 30, 2015	100,000	
Kookmin Bank	2.56	Jul. 17, 2015	70,000	
CP	2.37	Jan. 15, 2015		100,000
	1.80	Jul. 16, 2015	300,000	
	1.64	Jul. 17, 2015	200,000	
			770,000	200,000

- (2) Long-term borrowings as of June 30, 2015 and December 31, 2014 are as follows:

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

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Lender	Annual interest rate (%)	Maturity	June 30, 2015	December 31, 2014
Export Kreditnamnden(*)			90,577	94,903
	1.70	Apr. 29, 2022	(USD 80,577)	(USD 86,338)
			90,577	94,903
Less present value discount on long-term borrowings			(2,352)	(2,623)
			88,225	92,280
Less current installments of long-term borrowings			(12,439)	(12,133)
			75,786	80,147

(\*) For the years ended December 31, 2014 and 2013, the Company obtained long-term borrowings from Export Kreditnamnden, an export credit agency. The long-term borrowings are redeemed by installments on an annual basis from 2014 to 2022.



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For the six-month periods ended June 30, 2015 and 2014

**11. Borrowings and Debentures, Continued**

(3) Debentures as of June 30, 2015 and December 31, 2014 are as follows:

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

	Purpose	Maturity	Annual interest rate (%)	June 30, 2015	December 31, 2014
Unsecured private bonds	Refinancing fund	2016	5.00	200,000	200,000
Unsecured private bonds	Other fund	2015	5.00		200,000
Unsecured private bonds		2018	5.00	200,000	200,000
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 refinancing fund	2019	3.24	170,000	170,000
Unsecured private bonds		2022	3.30	140,000	140,000
Unsecured private bonds		2032	3.45	90,000	90,000
Unsecured private bonds	Operating fund	2023	3.03	230,000	230,000
Unsecured private bonds		2033	3.22	130,000	130,000
Unsecured private bonds		2019	3.30	50,000	50,000
Unsecured private bonds		2024	3.64	150,000	150,000
Unsecured private bonds(*2, 3)		2029	4.73		55,188
Unsecured private bonds(*2)		2029	4.72	55,351	55,177
Unsecured private bonds	Refinancing fund	2019	2.53	160,000	160,000
Unsecured private bonds		2021	2.66	150,000	150,000
Unsecured private bonds		2024	2.82	190,000	190,000
Unsecured private bonds	Operating and refinancing fund	2022	2.40	100,000	
Unsecured private bonds		2025	2.49	150,000	
Unsecured private bonds		2030	2.61	50,000	
Foreign global bonds	Operating fund	2027	6.63	449,640	439,680
				(USD 400,000)	(USD 400,000)
Swiss unsecured private bonds		2017	1.75	364,257	333,429
				(CHF 300,000)	(CHF 300,000)
Foreign global bonds		2018	2.13	786,870	769,440
				(USD 700,000)	(USD 700,000)
Australian unsecured private bonds		2017	4.75	258,858	269,727
				(AUD 300,000)	(AUD 300,000)
Floating rate notes(*1)			3M		
		2020	Libor + 0.88	337,230	329,760
				(USD 300,000)	(USD 300,000)
Sub-total				4,982,206	4,882,401
Less discounts on bonds				(25,936)	(27,534)

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	4,956,270	4,854,867
Less current installments of bonds	(269,858)	(199,730)
	4,686,412	4,655,137

(\*1) As of June 30, 2015, 3M Libor rate is 0.28%.

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For the six-month periods ended June 30, 2015 and 2014

**11. Borrowings and Debentures, Continued**

(3) Debentures as of June 30, 2015 and December 31, 2014 are as follows, Continued:

(\*2) The Company settled the difference of the measurement bases of accounting profit or loss between the bonds and related derivatives by designating the structured bonds as financial liabilities at fair value through profit or loss.

The difference between the carrying amount of the designated financial liabilities at fair value through profit or loss and the amount required to pay at maturity is 5,351 million as of June 30, 2015.

(\*3) As of December 31, 2014, the principal amount and the fair value of the structured bonds were 50,000 million and 55,188 million, respectively. The entire bonds were early redeemed during the six-month period ended June 30, 2015.

**12. Long-term Payables other**

(1) As of June 30, 2015 and December 31, 2014, long-term payables other which consist of payables related to the acquisition of W-CDMA licenses for 800MHz, 2.3GHz and 1.8GHz frequencies are as follows (See Note 10):

*(In millions of won)*

	Period of repayment	Coupon rate	Annual effective interest rate(*)	June 30, 2015	December 31, 2014
800MHz	2013~2015	3.51%	5.69%		69,416
2.3GHz	2014~2016	3.00%	5.80%	2,882	5,766
1.8GHz	2012~2021	2.43~3.00%	4.84~5.25%	707,006	824,841
				709,888	900,023
Present value discount on long-term payables other				(45,920)	(53,633)
				663,968	846,390
Less current installments of long-term payables other				(120,718)	(190,134)
Current installments of present value discount on long-term payables other				1,763	745
Carrying amount at period end				545,013	657,001

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(\*) 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.

(2) The repayment schedule of long-term payables other as of June 30, 2015 is as follows:

<i>(In millions of won)</i>	<b>Amount</b>
Less than 1 year	120,718
1~3 years	235,669
3~5 years	235,669
More than 5 years	117,832
	709,888

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**13. Provisions**

Changes in provisions for the six-month periods ended June 30, 2015 and 2014 are as follows:

*(In millions of won)*

	For the six-month period ended June 30, 2015				As of June 30, 2015		
	Beginning balance	Increase	Utilization	Reversal	Ending balance	Current	Non-current
Provision for handset subsidy	26,799		(2,696)	(18,173)	5,930	3,368	2,562
Provision for restoration	51,333	2,116	(344)	(962)	52,143	34,208	17,935
	78,132	2,116	(3,040)	(19,135)	58,073	37,576	20,497

*(In millions of won)*

	For the six-month period ended June 30, 2014				As of June 30, 2014		
	Beginning balance	Increase	Utilization	Reversal	Ending balance	Current	Non-current
Provision for handset subsidy	53,923	86,249	(49,206)		90,966	58,043	32,923
Provision for restoration	32,173	1,528	(180)	(884)	32,637	17,590	15,047
	86,096	87,777	(49,386)	(884)	123,603	75,633	47,970

The Company has provided handset subsidy to subscribers who purchase handsets on an installment basis and recognized a provision for subsidy amounts which the Company is expected to pay in future periods.

**14. Defined Benefit Liabilities**

(1) Details of defined benefit liabilities as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)*

	June 30, 2015	December 31, 2014
Present value of defined benefit obligations	197,898	195,130
Fair value of plan assets	(185,036)	(179,575)
	12,862	15,555

(2) Principal actuarial assumptions as of June 30, 2015 and December 31, 2014 are as follows:

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	June 30, 2015	December 31, 2014
Discount rate for defined benefit obligations	2.91%	2.91%
Expected rate of salary increase	3.80%	3.80%

Discount rate for defined benefit obligations 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 obligations. 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.

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Notes to the Condensed Separate Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**14. Defined Benefit Liabilities, Continued**

(3) Changes in defined benefit obligations for the six-month periods ended June 30, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	<b>For the six-month period ended</b>	
	<b>June 30, 2015</b>	<b>June 30, 2014</b>
Beginning balance	195,130	154,460
Current service cost	17,610	16,294
Interest cost	2,707	2,990
Remeasurement		
- Demographic assumption	16	
- Adjustment based on experience	834	12,086
Benefit paid	(20,266)	(10,710)
Others(*)	1,867	1,437
Ending balance	197,898	176,557

(\*) Others for the six-month periods ended June 30, 2015 and 2014 include transfer to construction in progress and liabilities in relation to executives transferred from affiliates.

(4) Changes in plan assets for the six-month periods ended June 30, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	<b>For the six-month period ended</b>	
	<b>June 30, 2015</b>	<b>June 30, 2014</b>
Beginning balance	179,575	131,574
Interest income	2,491	2,480
Actuarial loss	(2,387)	(560)
Contributions by employer directly to plan assets	25,000	4,000
Benefit paid	(19,643)	(3,116)
Ending balance	185,036	134,378

(5) Expenses recognized in profit and loss for the six-month periods ended June 30, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	<b>For the six-month period ended</b>	
	<b>June 30, 2015</b>	<b>June 30, 2014</b>
Current service cost	17,610	16,294

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Net Interest cost	216	510
	17,826	16,804

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



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For the six-month periods ended June 30, 2015 and 2014

**15. Derivative Instruments**

(1) Currency swap contracts under cash flow hedge accounting as of June 30, 2015 are as follows:

*(In thousands of foreign currencies)*

<b>Borrowing date</b>	<b>Hedged item</b>	<b>Hedged risk</b>	<b>Contract type</b>	<b>Financial institution</b>	<b>Duration of contract</b>
Jul. 20, 2007	Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of USD 400,000)	Foreign currency risk	Currency swap	Morgan Stanley and five other banks	Jul. 20, 2007 ~ Jul. 20, 2027
Jun. 12, 2012	Fixed-to-fixed cross currency swap (Swiss Franc denominated bonds face value of CHF 300,000)	Foreign currency risk	Currency swap	Citibank and five other banks	Jun. 12, 2012 ~ Jun. 12, 2017
Nov. 1, 2012	Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of USD 700,000)	Foreign currency risk	Currency swap	Barclays and nine other banks	Nov. 1, 2012 ~ May. 1, 2018
Jan. 17, 2013	Fixed-to-fixed cross currency swap (Australia dollar denominated bonds face value of AUD 300,000)	Foreign currency risk	Currency swap	BNP Paribas and three other banks	Jan. 17, 2013 ~ Nov. 17, 2017
Mar. 7, 2013	Floating-to-fixed cross currency interest rate swap (U.S. dollar denominated bonds face value of USD 300,000)	Foreign currency risk and the interest rate risk	Currency interest rate swap	DBS Bank	Mar. 7, 2013 ~ Mar. 7, 2020
Dec. 16, 2013	Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of USD 80,577)	Foreign currency risk	Currency swap	Deutsche bank	Dec. 16, 2013 ~ Apr. 29, 2022

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For the six-month periods ended June 30, 2015 and 2014

**15. Derivative Instruments, Continued**

- (2) As of June 30, 2015, fair values of the above derivatives recorded in assets or liabilities and details of derivative instruments are as follows:

*(In millions of won and thousands of foreign currencies)*

Hedged item	Accumulated gain (loss) on valuation of derivatives	Fair value			Held for trading purpose	Total
		Tax effect	Accumulated (gain) loss on foreign currency translation	Others <sup>(*)</sup>		
<b>Non-current assets:</b>						
Structured bond (face value of KRW 50,000)					5,380	5,380
Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of USD 400,000)	(55,930)	(17,856)	(7,724)	129,806		48,296
Floating-to-fixed cross currency interest rate swap (U.S. dollar denominated bonds face value of USD 300,000)	(5,992)	(1,913)	12,112			4,207
<b>Total assets</b>						<b>57,883</b>
<b>Non-current liabilities:</b>						
Fixed-to-fixed cross currency swap (Swiss Franc denominated bonds face value of CHF 300,000)	(6,361)	(2,031)	749			(7,643)
Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of USD 700,000)	(22,835)	(7,290)	23,372			(6,753)
Fixed-to-fixed cross currency swap (Australia dollar denominated bonds face value of AUD 300,000)	2,149	686	(76,321)			(73,486)
Fixed-to-fixed long-term borrowings (U.S. dollar denominated bonds face value of USD 80,577)	(4,640)	(1,482)	5,506			(616)
<b>Total liabilities</b>						<b>(88,498)</b>

(\*) Cash flow hedge accounting has been applied to the relevant contracts from May 12, 2010. Others represent gain on valuation of currency swap incurred prior to the application of hedge accounting and was recognized through profit or loss prior to May 12, 2010.

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**16. Share Capital and Capital Surplus 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 and other capital adjustments as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won, except for share data)*

	June 30, 2015	December 31, 2014
Authorized shares	220,000,000	220,000,000
Issued shares(*)	80,745,711	80,745,711
Share capital		
Common stock	44,639	44,639
Capital surplus and other capital adjustments:		
Paid-in surplus	2,915,887	2,915,887
Treasury stock (Note 17)	(1,770,434)	(2,139,683)
Loss on disposal of treasury stock		(18,087)
Hybrid bond (Note 18)	398,518	398,518
Others	(698,005)	(722,741)
	845,966	433,894

(\*) 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 Act. As a result, the Company's outstanding shares have decreased without change in the share capital.

There were no changes in share capital for the six-month period ended June 30, 2015 and the year ended December 31, 2014 and details of shares outstanding as of June 30, 2015 and 2014 are as follows:

<i>(In shares)</i>	June 30, 2015			June 30, 2014		
	Issued shares	Treasury stock	Outstanding shares	Issued shares	Treasury stock	Outstanding shares
Beginning issued shares	80,745,711	9,809,375	70,936,336	80,745,711	9,809,375	70,936,336
Disposal of treasury stock		(1,692,824)	1,692,824			
Ending issued shares	80,745,711	8,116,551	72,629,160	80,745,711	9,809,375	70,936,336

**17. Treasury Stock**

The Company acquired treasury stock 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.

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Treasury stock as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won, shares)*

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Number of shares	8,116,551	9,809,375
Amount	1,770,434	2,139,683

On June 9, 2015, the Company granted 1,692,824 shares of its treasury stock (acquisition cost: 369,249 million) in order to acquire shares of SK Broadband Co., Ltd.

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**18. Hybrid Bond**

Hybrid bonds classified as equity as of June 30, 2015 are as follows:

*(In millions of won)*

	Type	Issuance date	Maturity	Annual interest rate (%)	Amount
Private hybrid bonds	Blank coupon unguaranteed subordinated bond	June 7, 2013	June 7, 2073(*1)	4.21(*2)	400,000
Issuance costs					(1,482)
					398,518

Hybrid bonds issued by the Company are classified as equity as there is no contractual obligation for delivery of financial assets to the bond holders. These are subordinated bonds which rank before common shareholders in the event of a liquidation or reorganization of the Company.

(\*1) The Company has a right to extend the maturity under the same issuance terms without any notice or announcement. The Company also has the right to defer interest payment at its sole discretion.

(\*2) Annual interest rate is adjusted after five years from the issuance date.

**19. Retained Earnings**

(1) Retained earnings as of June 30, 2015 and December 31 2014 are as follows:

*(In millions of won)*

	June 30, 2015	December 31, 2014
Appropriated:		
Legal reserve	22,320	22,320
Reserve for research & manpower development	87,300	151,534
Reserve for business expansion	9,671,138	9,476,138
Reserve for technology development	2,616,300	2,416,300
	12,397,058	12,066,292
Unappropriated	520,777	930,498
	12,917,835	12,996,790

(2) Legal reserve

The Korean Commercial Act 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 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.

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**20. Reserves**

- (1) Details of reserves, net of taxes, as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)*

	June 30, 2015	December 31, 2014
Unrealized fair value of available-for-sale financial assets	91,537	145,106
Unrealized fair value of derivatives	(93,610)	(78,208)
	(2,073)	66,898

- (2) Changes in reserves for the six-month periods ended June 30, 2015 and 2014 are as follows:

*(In millions of won)*

	For the six-month period ended June 30, 2015		
	Unrealized fair value of available-for-sale financial assets	Unrealized fair value of derivatives	Total
Balance at January 1, 2015	145,106	(78,208)	66,898
Changes	(70,672)	(20,319)	(90,991)
Tax effect	17,103	4,917	22,020
Balance at June 30, 2015	91,537	(93,610)	(2,073)

*(In millions of won)*

	For the six-month period ended June 30, 2014		
	Unrealized fair value of available-for-sale financial assets	Unrealized fair value of derivatives	Total
Balance at January 1, 2014	211,209	(40,033)	171,176
Changes	(67,851)	(22,022)	(89,873)
Tax effect	16,420	5,329	21,749
Balance at June 30, 2014	159,778	(56,726)	103,052

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**21. Other Operating Expenses**

Details of other operating expenses for the three and six-month periods ended June 30, 2015 and 2014 are as follows:

*(In millions of won)*

	2015		2014	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
<b>Other Operating Expenses:</b>				
Communication expenses	8,475	18,058	10,671	21,863
Utilities	45,979	95,260	37,588	83,713
Taxes and dues	5,116	9,509	4,043	8,809
Repair	53,017	91,491	45,074	86,517
Research and development	62,071	110,954	57,254	108,358
Training	4,421	10,161	5,751	11,968
Bad debt for accounts receivable trade	16,347	23,612	12,039	16,034
Other	10,367	20,851	10,342	35,861
	205,793	379,896	182,762	373,123

**22. Other Non-operating Income and Expenses**

Details of other non-operating income and expenses for the three and six-month periods ended June 30, 2015 and 2014 are as follows:

*(In millions of won)*

	2015		2014	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
<b>Other Non-operating Income:</b>				
Gain on disposal of property and equipment and intangible assets	866	937	489	600
Others	2,871	6,032	13,080	27,992
	3,737	6,969	13,569	28,592
<b>Other Non-operating Expenses:</b>				
Loss on disposal of property and equipment and intangible assets	884	2,056	1,146	2,709
Donations	18,116	23,562	18,581	26,560
Bad debt for accounts receivable other	6,239	4,085	5,153	8,123
Others(*)	7,052	31,961	742	18,099



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32,291	61,664	25,622	55,491
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(\*) Others for the six-month period ended June 30, 2015 and 2014 primarily consists of penalties amounting to 28.3 billion and 16.7 billion, respectively.

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**23. Finance Income and Costs**

(1) Details of finance income and costs for the three and six-month periods ended June 30, 2015 and 2014 are as follows:

*(In millions of won)*

	2015		2014	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
<b>Finance Income:</b>				
Interest income	5,465	11,160	5,999	12,827
Dividends	2,308	56,731	939	10,567
Gain on foreign currency transactions	2,308	4,484	1,212	5,211
Gain on foreign currency translation	1,197	1,098		115
Gain relating to financial liabilities at fair value through profit or loss	6,965	5,188		
Gain on disposal of long-term investment securities	1,492	2,828	935	5,851
Gain on valuation of derivatives		1,030	6,017	6,017
Gain on settlement of derivatives				118
	19,735	82,519	15,102	40,706
<b>Finance Costs:</b>				
Interest expense	59,906	121,132	68,473	132,372
Loss on foreign currency transactions	2,378	7,027	5,148	8,783
Loss on foreign currency translation		25	2,106	1,741
Loss on disposal of long-term investment securities		2	5	6
Loss on valuation of derivatives	699			
Loss on settlement of derivatives	4,517	4,517	335	335
Loss relating to financial assets at fair value through profit or loss	358	689	2,419	1,352
Loss relating to financial liabilities at fair value through profit or loss		174	7,793	7,798
Other finance costs	32	32		
	67,890	133,598	86,279	152,387

(2) Details of interest income included in finance income three and six-month periods ended June 30, 2015 and 2014 are as follows:

*(In millions of won)*

	2015		2014	
	Three-month period ended	Six-month period ended June 30	Three-month period ended	Six-month period ended June 30

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	June 30		June 30	
Interest income on cash equivalents and deposits	1,668	3,483	3,128	6,674
Interest income on installment receivables and others	3,797	7,677	2,871	6,153
	5,465	11,160	5,999	12,827

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For the six-month periods ended June 30, 2015 and 2014

**23. Finance Income and Costs, Continued**

- (3) Details of interest expense included in finance costs for the three and six-month periods ended June 30, 2015 and 2014 are as follows:

*(In millions of won)*

	2015		2014	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
Interest expense on bank overdrafts and borrowings	6,981	10,010	7,648	11,983
Interest expense on debentures	44,050	91,353	49,378	96,536
Others	8,875	19,769	11,447	23,853
	59,906	121,132	68,473	132,372

- (4) Details of impairment losses for financial assets for the three and six-month periods ended June 30, 2015 and 2014 are as follows:

*(In millions of won)*

	2015		2014	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
Accounts receivable trade	16,347	23,612	12,039	16,034
Other receivables	6,239	4,085	5,153	8,123
Available-for-sale financial assets	32	32		
	22,618	27,729	17,192	24,157

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**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 and six-month periods ended June 30, 2015 and 2014 are calculated as follows:

*(In millions of won, shares)*

	2015		2014	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
Profit for the period	231,997	527,783	363,374	516,907
Interest on hybrid bond	(8,420)	(8,420)	(8,420)	(8,420)
Profit for the period on common shares	223,577	519,363	354,954	508,487
Weighted average number of common shares outstanding	71,326,988	71,132,741	70,936,336	70,936,336
Basic earnings per share (In won)	3,135	7,301	5,004	7,168

2) The weighted average number of common shares outstanding for the three and six-month periods ended June 30, 2015 and 2014 are calculated as follows:

*(In shares)*

	Number of shares	Weighted number of shares	
		Three-month period ended June 30	Six-month period ended June 30
Outstanding common shares at January 1, 2015	80,745,711	80,745,711	80,745,711
Effect of treasury stock	(8,116,551)	(9,418,723)	(9,612,970)
Weighted average number of common shares outstanding at June 30, 2015	72,629,160	71,326,988	71,132,741

*(In shares)*

	Number of shares	Weighted number of shares
--	------------------	---------------------------

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		<b>Three-month period ended June 30</b>	<b>Six-month period ended June 30</b>
Outstanding common shares at January 1, 2014	80,745,711	80,745,711	80,745,711
Effect of treasury stock	(9,809,375)	(9,809,375)	(9,809,375)
Weighted average number of common shares outstanding at June 30, 2014	70,936,336	70,936,336	70,936,336

(2) Diluted earnings per share

For the six-month periods ended June 30, 2015 and 2014, there were no potentially dilutive shares. Therefore, diluted earnings per share for the six-month periods ended June 30, 2015 and 2014 are the same as basic earnings per share.

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Notes to the Condensed Separate Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**26. Categories of Financial Instruments**

(1) Financial assets by categories as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)*

	Financial assets at fair value through profit or loss	Available-for-sale financial assets	June 30, 2015		Total
			Loans and receivables	Derivative financial instruments designated as hedged item	
Cash and cash equivalents			155,687		155,687
Financial instruments			133,069		133,069
Short-term investment securities		267,140			267,140
Long-term investment securities(*1)	7,128	724,251			731,379
Accounts receivable trade			1,597,007		1,597,007
Loans and other receivables(*2)			527,484		527,484
Derivative financial assets	5,380			52,503	57,883
	12,508	991,391	2,413,247	52,503	3,469,649

*(In millions of won)*

	Financial assets at fair value through profit or loss	Available-for-sale financial assets	December 31, 2014		Total
			Loans and receivables	Derivative financial instruments designated as hedged item	
Cash and cash equivalents			248,311		248,311
Financial instruments			143,069		143,069
Short-term investment securities		197,161			197,161
Long-term investment securities(*1)	7,817	600,980			608,797
Accounts receivable trade			1,559,281		1,559,281
Loans and other receivables(*2)			575,597		575,597
Derivative financial assets	8,713			59,015	67,728
	16,530	798,141	2,526,258	59,015	3,399,944

(\*1) Long-term investment securities were designated as financial assets at fair value through profit of loss since the embedded derivative (conversion right option), which should be separated from the host contract, could not be separately measured.





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For the six-month periods ended June 30, 2015 and 2014

**26. Categories of Financial Instruments, Continued**

(1) Financial assets by categories as of June 30, 2015 and December 31, 2014 are as follows, Continued:

(\*2) Details of loans and other receivables as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)*

	June 30, 2015	December 31, 2014
Short-term loans	21,758	67,989
Accounts receivable other	300,037	305,990
Accrued income	6,924	6,354
Long-term loans	34,874	38,457
Guarantee deposits	163,891	156,807
	527,484	575,597

(2) Financial liabilities by categories as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)*

	June 30, 2015			
	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortized cost	Derivative financial instruments designated as hedged item	Total
Derivative financial liabilities			88,498	88,498
Borrowings		858,225		858,225
Debentures(*1)	55,351	4,900,919		4,956,270
Accounts payable other and others(*2)		1,978,004		1,978,004
	55,351	7,737,148	88,498	7,880,997

*(In millions of won)*

	December 31, 2014			
	Financial liabilities at fair value	Financial liabilities measured at amortized	Derivative financial instruments designated	Total

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	through profit or loss	cost	as hedged item	
Derivative financial liabilities			130,889	130,889
Borrowings		292,280		292,280
Debentures(*1)	110,365	4,744,502		4,854,867
Accounts payable other and others(*2)		2,582,608		2,582,608
	110,365	7,619,390	130,889	7,860,644

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For the six-month periods ended June 30, 2015 and 2014

**26. Categories of Financial Instruments, Continued**

(2) Financial liabilities by categories as of June 30, 2015 and December 31, 2014 are as follows, Continued:

(\*1) Bonds classified as financial liabilities at fair value through profit or loss as of June 30, 2015 and December 31, 2014 are structured bonds and they were designated as financial liabilities at fair value through profit or loss in order to settle the difference of the measurement bases of accounting profit or loss between the related derivatives and bonds.

(\*2) Details of accounts payable and other payables as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)*

	June 30, 2015	December 31, 2014
Accounts payable other	848,511	1,086,485
Withholdings		3
Accrued expenses	434,316	615,488
Current installments of long-term payables other	118,955	189,389
Long-term payables other	545,013	657,001
Other non-current liabilities	31,209	34,242
	1,978,004	2,582,608

**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.



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Notes to the Condensed Separate Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**27. Financial Risk Management, Continued**

(1) Financial risk management, Continued

1) Market risk, Continued

(i) Currency risk, Continued

Monetary foreign currency assets and liabilities as of June 30, 2015 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	59,027	72,525	1,472,341	1,655,058
EUR	10,716	13,837	19	24
JPY	33,489	307		
AUD			298,776	257,802
CHF			299,163	363,241
Others	1,411	487		
		87,156		2,276,125

In addition, the Company has entered into cross currency swaps to hedge against currency risk related to foreign currency borrowings and debentures. (See Note 15)

As of June 30, 2015, 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	5,981	(5,981)
EUR	1,348	(1,348)
JPY	31	(31)
Others	48	(48)
	7,408	(7,408)

(ii) Equity price risk

The Company has equity securities which include listed and non-listed securities for its liquidity and operating purpose. As of June 30, 2015, available-for-sale equity instruments measured at fair value amount to 696,010 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.

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Notes to the Condensed Separate Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**27. Financial Risk Management, Continued**

(1) Financial risk management, Continued

1) Market risk, Continued

(iii) Interest rate risk, Continued

The Company's interest rate risk arises from floating-rate borrowings and payables. As of June 30, 2015, floating-rate debentures amount to 337,230 million and the Company has entered into interest rate swaps to hedge interest rate risk related to floating-rate borrowings and debentures (See Note 15). If interest rate only increases (decreases) by 1%, income before income taxes for the six-month period ended June 30, 2015 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 June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)*

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Cash and cash equivalents	155,657	248,281
Financial instruments	133,069	143,069
Available-for-sale financial assets	2,030	8,648
Accounts receivable - trade	1,597,007	1,559,281
Loans and receivables	527,484	575,597
Derivative financial assets	57,883	67,728
Financial assets at fair value through profit or loss	7,128	7,817
	2,480,258	2,610,421

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 six-month period ended June 30, 2015, 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 June 30, 2015.

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.





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Notes to the Condensed Separate Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**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 June 30, 2015 are as follows:

*(In millions of won)*

	Carrying amount	Contractual cash flows	Less than 1 year	1 - 5 years	More than 5 years
Borrowings (*1)	858,225	870,166	787,590	56,050	26,526
Debentures (*1)	4,956,270	6,085,519	444,044	3,085,155	2,556,320
Accounts payable - other and others (*2)	1,978,004	2,045,116	1,375,465	548,532	121,119
	7,792,499	9,000,801	2,607,099	3,689,737	2,703,965

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 borrowings and debentures.

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

As of June 30, 2015, periods which cash flows from cash flow hedge derivatives are expected to occur are as follows:

*(In millions of won)*

	Carrying amount	Contractual cash flows	Less than 1 year	1 - 5 years	More than 5 years
Assets	52,503	52,226	5,187	47,990	(951)
Liabilities	(88,498)	(91,506)	(10,258)	(80,648)	(600)
	(35,995)	(39,280)	(5,071)	(32,658)	(1,551)

## (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, 2014.

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

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For the six-month periods ended June 30, 2015 and 2014

**27. Financial Risk Management, Continued**

## (2) Capital management, Continued

Debt-equity ratio as of June 30, 2015 and December 31, 2014 are as follows:

(In millions of won)

	June 30, 2015	December 31, 2014
Liabilities	9,057,078	9,170,241
Equity	13,806,367	13,542,221
 Debt-equity ratio	 65.60%	 67.72%

## (3) Fair value

- 1) Fair value and carrying amount of financial assets and liabilities including fair value hierarchy as of June 30, 2015 are as follows:

(In millions of won)

	Carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial assets that can be measured at fair value</b>					
Financial assets at fair value through profit or loss	12,508		5,380	7,128	12,508
Derivative financial assets	52,503		52,503		52,503
Available-for-sale financial assets	696,010	607,306	47,140	41,564	696,010
	761,021	607,306	105,023	48,692	761,021
<b>Financial assets that cannot be measured at fair value</b>					
Cash and cash equivalents(*1)	155,687				
Available-for-sale financial assets(*1,2)	295,381				
Accounts receivable trade and others(*1)	2,124,491				
Financial instruments(*1)	133,069				
	2,708,628				
<b>Financial liabilities that can be measured at fair value</b>					
Financial liabilities at fair value through profit or loss	55,351		55,351		55,351
Derivative financial liabilities	88,498		88,498		88,498

	143,849	143,849	143,849
<b>Financial liabilities that cannot be measured at fair value</b>			
Borrowings	858,225	859,322	859,322
Debentures	4,900,919	5,267,575	5,267,575
Accounts payable other and others(*1)	1,978,004		
	7,737,148	6,126,897	6,126,897

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**27. Financial Risk Management, Continued**

(3) Fair value, Continued

- 2) Fair value and carrying amount of financial assets and liabilities including fair value hierarchy as of December 31, 2014 are as follows:

*(In millions of won)*

	Carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial assets that can be measured at fair value</b>					
Financial assets at fair value through profit or loss	16,530		8,713	7,817	16,530
Derivative financial assets	59,015		59,015		59,015
Available-for-sale financial assets	586,675	490,741	47,002	48,932	586,675
	662,220	490,741	114,730	56,749	662,220
<b>Financial assets that cannot be measured at fair value</b>					
Cash and cash equivalents(*1)	248,311				248,311
Available-for-sale financial assets(*1,2)	211,466				211,466
Accounts receivable trade and others(*1)	2,134,878				2,134,878
Financial instruments(*1)	143,069				143,069
	2,737,724				2,737,724
<b>Financial liabilities that can be measured at fair value</b>					
Financial liabilities at fair value through profit or loss	110,365		110,365		110,365
Derivative financial liabilities	130,889		130,889		130,889
	241,254		241,254		241,254
<b>Financial liabilities that cannot be measured at fair value</b>					
Borrowings	292,280		300,048		300,048
Debentures	4,744,502		5,103,527		5,103,527
Accounts payable other and others(*1)	2,582,608				2,582,608
	7,619,390		5,403,575		5,403,575

(\*1) Does not include fair values of financial assets and liabilities of which fair values have not been measured as carrying amounts are closed to the reasonable approximate fair values.

(\*2)

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Equity instruments which do not have quoted price in an active market for the identical instruments (inputs for Level 1) are measured at cost in accordance with K-IFRS 1039 as such equity instruments cannot be reliably measured using other methods.

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**27. Financial Risk Management, Continued**

## (3) Fair value, Continued

Fair value of the financial instruments that are traded in an active market (available-for-sale financial assets, financial liabilities at fair value through profit or loss, etc.) is measured based on the bid price at the end of the reporting date.

The Company uses various valuation methods for valuation of fair value of financial instruments that are not traded in an active market. Fair value of available-for-sale securities is determined using the market approach methods and financial assets through profit or loss are measured using the option pricing model. In addition, derivative financial contracts and long-term liabilities are measured using the present value methods. Inputs used to such valuation methods include swap rate, interest rate, and risk premium, and the Company performs valuation using the inputs which are consistent with natures of assets and liabilities being evaluated.

Interest rates used by the Company for the fair value measurement as of June 30, 2015 are as follows:

	<b>Interest rate</b>
Derivative instruments	1.57 ~ 1.87%
Borrowings and debentures	2.33 ~ 2.48%

- 3) There have been no transfers from Level 2 to Level 1 for the six-month period ended June 30, 2015 and changes of financial assets classified as Level 3 for the six-month period ended June 30, 2015 are as follows:

(In millions of won)

	<b>Balance at January 1</b>	<b>Loss for the period</b>	<b>Other comprehensive loss</b>	<b>Balance at June 30</b>
Financial assets at fair value through profit or loss	7,817	(689)		7,128
Available-for-sale financial assets	48,932		(7,368)	41,564

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**27. Financial Risk Management, Continued**

(4) Enforceable master netting agreement or similar agreement

Carrying amount of financial instruments recognized of which offset agreements are applicable as of June 30, 2015 are as follows:

*(In millions of won)*

	Gross financial instruments recognized	Gross offset financial instruments recognized	Net financial instruments presented on the statements of financial position	Relevant amount not offset on the statements of financial position		Net amount
				Financial instruments	Cash collaterals received	
<b>Financial assets:</b>						
Derivatives(*)	37,578		37,578	(36,494)		1,084
Accounts receivable trade and others	115,214	(106,599)	8,615			8,615
	152,792	(106,599)	46,193	(36,494)		9,699
<b>Financial liabilities:</b>						
Derivatives(*)	36,494		36,494	(36,494)		
Accounts payable other and others	106,599	(106,599)				
	143,093	(106,599)	36,494	(36,494)		

Carrying amount of financial instruments recognized of which offset agreements are applicable as of December 31, 2014 are as follows:

*(In millions of won)*

	Gross financial instruments recognized	Gross offset financial instruments recognized	Net financial instruments presented on the statements of financial position	Relevant amount not offset on the statements of financial position		Net amount
				Financial instruments	Cash collaterals received	
<b>Financial assets:</b>						
Derivatives(*)	48,057		48,057	(45,892)		2,165
Accounts receivable trade and others	128,794	(117,568)	11,226			11,226
	176,851	(117,568)	59,283	(45,892)		13,391
<b>Financial liabilities:</b>						
Derivatives(*)	45,892		45,892	(45,892)		
Accounts payable other and others	117,568	(117,568)				
	163,460	(117,568)	45,892	(45,892)		



(\*) The amount is applicable by enforceable master netting agreement according to ISDA (International Swap and Derivatives Association).

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**28. Transactions with Related Parties**

(1) List of related parties

Relationship	Company
Ultimate Controlling Entity	SK Holding Co., Ltd.
Subsidiaries	SK Planet Co., Ltd. and 38 others(*)
Joint ventures	Dogus Planet, Inc. and four others
Associates	SK hynix Inc. and 51 others
Affiliates	The Ultimate Controlling Entity's investor using the equity method and the Ultimate Controlling Entity's subsidiaries and associates, etc.

(\*) As of June 30, 2015, subsidiaries of the Company are as follows:

Company	Ownership percentage (%)	Types of business
SK Telink Co., Ltd.	83.5	Telecommunication and MVNO service
M&Service Co., Ltd.	100.0	Data base and internet website service
SK Communications Co., Ltd.	64.6	Internet website services
Stonebridge Cinema Fund	55.2	Investment association
Commerce Planet Co., Ltd.	100.0	Online shopping mall operation agency
SK Broadband Co., Ltd.	100.0	Telecommunication services
K-net Culture and Contents Venture Fund	59.0	Investment association
Fitech Focus Limited Partnership II	66.7	Investment association
Open Innovation Fund	98.9	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	Internet website services
Icon Cube Holdings Co., Ltd.	100.0	Investment association
Icon Cube Co., Ltd.	100.0	Internet website services
SK Planet Co., Ltd.	100.0	Telecommunication service
Neosnetworks Co., Ltd.	83.9	Guarding of facilities
IRIVER LIMITED	49.0	Manufacturing of media and sound equipment
iriver Enterprise Ltd.	100.0	Management of Chinese subsidiary
iriver America Inc.	100.0	Sales and marketing in North America
iriver Inc.	100.0	Sales and marketing in North America
iriver China Co., Ltd.	100.0	Manufacturing of MP3,4 and domestic sales in China
Dongguan iriver Electronics Co., Ltd.	100.0	Manufacturing of e-book and domestic sales in China
Groovers JP Ltd.	100.0	Digital music contents sourcing and distribution service
SK Telecom China Holdings Co., Ltd.	100.0	Investment association
SK Global Healthcare Business Group., Ltd.	100.0	Investment association

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SK Planet Japan, K. K.	100.0	Digital contents sourcing service
SKT Vietnam PTE. Ltd.	73.3	Telecommunication service
SK Planet Global PTE. Ltd.	100.0	Digital contents sourcing service
SKP GLOBAL HOLDINGS PTE. LTD.	100.0	Investment association
SKT Americas, Inc.	100.0	Information gathering and consulting
SKP America LLC.	100.0	Digital contents sourcing service
YTK Investment Ltd.	100.0	Investment association
Atlas Investment	100.0	Investment association
Technology Innovation Partners, L.P.	100.0	Investment association
SK Telecom China Fund I L.P.	100.0	Investment association
shopkick Management Company, Inc.	95.2	Investment association
shopkick, Inc.	100.0	Mileage-based online transaction application development

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**28. Transactions with Related Parties, Continued**

## (2) 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. The compensation given to such key management for the three and six-month periods ended June 30, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	2015		2014	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
Salaries	203	1,560	287	1,626
Provision for retirement benefits	421	542	113	681
	624	2,102	400	2,307

Compensation for the key management includes salaries, non-monetary salaries and contributions made in relation to the pension plan.

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**28. Transactions with Related Parties, Continued**

(3) Transactions with related parties for the three and six-month periods ended June 30, 2015 and 2014 are as follows:

*(In millions of won)*

Scope	Company	2015							
		Operating revenue and others		Operating expense and others		Acquisition of property and equipment		Loans	
		Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
Ultimate Controlling Entity	SK Holding Co., Ltd.(*1)	206	347	6,847	184,576				
Subsidiaries	SK Broadband Co., Ltd.	38,684	64,378	133,507	260,899	1,977	2,000		
	PS&Marketing Corporation	2,995	5,621	170,365	416,028	249	315		
	Network O&S Co., Ltd.	656	1,559	47,674	79,673				
	SK Planet Co., Ltd.	16,013	27,183	134,795	266,743	1,640	1,720		
	SK Telink Co., Ltd.	16,242	30,296	5,575	13,507				
	Service Ace Co., Ltd.	1,907	3,805	35,472	75,406				
	Service Top Co., Ltd.	2,138	4,121	39,238	78,122				
	Others	3,206	6,235	7,149	15,040	72	150		
			81,841	143,198	573,775	1,205,418	3,938	4,185	
Associates	F&U Credit information Co., Ltd.	404	853	9,205	20,718				
	HappyNarae Co., Ltd.	16	34	1,340	1,755	2,323	2,643		
	SK hynix Inc.(*2)	1,610	48,198	2,194	2,199				
	SK Wyverns Baseball Club Co., Ltd.	279	561	1,302	10,908				
	KEB HanaCard Co., Ltd.	5,418	10,850	2,837	8,223				
	Others(*3)	2,429	2,544	1,715	3,437	11	11	500	
			10,156	63,040	18,593	47,240	2,334	2,654	500
Other	SK Engineering & Construction Co., Ltd.	764	4,138	7,594	8,590	56,071	83,615		
	SK C&C Co., Ltd.	806	2,026	63,560	121,686	34,720	63,442		
	SK Networks Co., Ltd.	3,506	4,446	4,368	8,276				
	SK Networks service Co., Ltd.	2,433	4,731	14,282	17,160	423	427		
	SK Telesys Co., Ltd.	46	95	1,639	3,854	8,830	47,948		
	Others	3,785	6,331	6,898	12,734	1,575	1,882		
		11,340	21,767	98,341	172,300	101,619	197,314		

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Total	103,543	228,352	697,556	1,609,534	107,891	204,153	500
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- (\*1) Operating expense and others include 171,053 million of dividends paid by the Company.
- (\*2) Operating revenue and others include 43,830 million of dividends received from SK hynix Inc.
- (\*3) Operating revenue and others include 2,103 million and 227 million of dividends received from Korea IT Fund and UniSK, respectively.

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**28. Transactions with Related Parties, Continued**

(3) Transactions with related parties for the three and six-month periods ended June 30, 2015 and 2014 are as follows, Continued:

*(In millions of won)*

Scope	Company	Operating revenue and others		Operating expense and others		Acquisition of property and equipment		Loans	
		Three-month period ended	Six-month period ended	Three-month period ended	Six-month period ended	Three-month period ended	Six-month period ended	Three-month period ended	Six-month period ended
		June 30	June 30	June 30	June 30	June 30	June 30	June 30	June 30
Ultimate Controlling Entity	SK Holding Co., Ltd.(*1)	123	234	6,936	184,425				
Subsidiaries	SK Broadband Co., Ltd.	41,146	72,100	135,525	255,641	46	46		
	PS&Marketing Corporation	4,090	6,785	181,452	341,566	841	841		
	Network O&S Co., Ltd.	623	1,272	38,256	70,143				
	SK Planet Co., Ltd.	15,325	28,188	156,730	298,062	545	1,045		
	SK Telink Co., Ltd.	11,910	23,129	3,679	11,352	224	227		
	Service Ace Co., Ltd.	1,792	3,542	32,629	69,559				
	Service Top Co., Ltd.	1,661	3,303	35,509	75,200				
	Others	2,602	3,708	5,543	13,014	50	50		
			79,149	142,027	589,323	1,134,537	1,706	2,209	
Associates	F&UCredit information Co., Ltd.	415	893	9,354	21,018				
	HappyNarae Co., Ltd.			599	1,502	2,725	3,492		
	SK hynix Inc.	1,312	3,171		879				
	SK Wyverns Baseball Club Co., Ltd.	5	8		8,921				
	HanaSK Card Co., Ltd.(*2)	6,448	13,419	744	1,512				
	Others	1,223	1,299	2,595	4,338			45	45
		9,403	18,790	13,292	38,170	2,725	3,492	45	45
Other	SK Engineering & Construction Co., Ltd	670	1,296	11,474	11,474	55,586	55,586		
	SK C&C Co., Ltd.	1,167	1,853	56,382	112,694	13,736	37,092		
	SK Networks Co., Ltd.	5,171	9,994	51,334	195,274	2,452	2,454		
	SK Networks service Co., Ltd.	5,293	5,293	9,400	14,279	435	435		
	SK Telesys Co., Ltd.	25	81	1,708	1,976	36,200	57,399		
	Others	3,133	5,379	1,860	6,711	3,490	3,847		
		15,459	23,896	132,158	342,408	111,899	156,813		

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Total	104,134	184,947	741,709	1,699,540	116,330	162,514	45	45
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(\*1) Operating expense and others include 171,053 million of dividends paid by the Company.

(\*2) During the year ended December 31, 2014, due to the merger with Hana SK Card Co., Ltd., the Company's associate and KEB Card Co., Ltd., the Company exchanged 57,647,058 shares of Hana SK Card Co., Ltd., with 67,627,587 shares of the surviving company, KEB HanaCard Co., Ltd.



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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**28. Transactions with Related Parties, Continued**

(4) Account balances as of June 30, 2015 and December 31, 2014 are as follows:

*(In millions of won)*

Scope	Company	June 30, 2015		
		Loans	Accounts receivable Accounts payable receivable-trade, and others	Accounts payable Accounts payable trade, and others
Ultimate Controlling Entity	SK Holding Co., Ltd.		284	
Subsidiaries	SK Broadband Co., Ltd.		1,487	12,328
	PS&Marketing Corporation		2,331	87,533
	Network O&S Co., Ltd.		90	23,456
	SK Planet Co., Ltd.		9,243	33,217
	SK Telink Co., Ltd.		9,676	3,258
	Service Ace Co., Ltd.			20,624
	Service Top Co., Ltd.			21,638
	Others		4,865	13,645
				27,692
Associates	HappyNarae Co., Ltd.			666
	SK hynix Inc.		1,346	2,413
	SK Wyverns Baseball Club., Ltd.	1,221	265	2
	Wave City Development Co., Ltd.	1,700	38,412	
	Daehan Kanggun BcN Co., Ltd.	22,147		
	KEB HanaCard Co., Ltd.		1,869	4,051
	Others		109	1,065
		25,068	42,001	8,197
Other	SK Engineering and Construction Co., Ltd.		3,092	13,680
	SK C&C Co., Ltd.		903	34,633
	SK Networks Co., Ltd.		4,133	1,066
	SK Networks Services Co., Ltd.		12	2,674
	SK Telesys Co., Ltd.		220	1,258
	SK Innovation Co., Ltd.		1,623	265
	Others		1,683	9,357
			11,666	62,933
Total		25,068	81,643	286,829



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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**28. Transactions with Related Parties, Continued**

(4) Account balances as of June 30, 2015 and December 31, 2014 are as follows, Continued:

*(In millions of won)*

Scope	Company	Loans	December 31, 2014	
			Accounts receivable Accounts receivable-trade, and others	Accounts payable Accounts payable trade, and others
Ultimate Controlling Entity	SK Holding Co., Ltd.		89	
Subsidiaries	SK Broadband Co., Ltd.		3,236	38,432
	PS&Marketing Corporation		566	101,431
	Network O&S Co., Ltd.		1,201	12,981
	SK Planet Co., Ltd.		9,711	51,991
	SK Telink Co., Ltd.		10,306	5,665
	Service Ace Co., Ltd.		436	19,972
	Service Top Co., Ltd.		887	21,386
	Others		8,890	15,042
			35,233	266,900
Associates	HappyNarae Co., Ltd.			1,780
	SK hynix Inc.		2,561	2,763
	SK Wyverns Baseball Club., Ltd.	1,221		
	Wave City Development Co., Ltd.	1,200	38,412	
	Daehan Kanggun BcN Co., Ltd.	22,147		
	KEB HanaCard Co., Ltd.		1,867	38
	Others		226	840
		24,568	43,066	5,421
Other	SK Engineering and Construction Co., Ltd.		359	3,754
	SK C&C Co., Ltd.		718	76,777
	SK Networks Co., Ltd.		2,027	4,766
	SK Networks Services Co., Ltd.		12	2,004
	SK Telesys Co., Ltd.		282	1,559
	SK Innovation Co., Ltd.		1,510	247
	Others		2,592	6,108
			7,500	95,215
Total		24,568	85,888	367,536

- (5) As of June 30, 2015, there are no collateral or guarantee provided by related parties to the Company, nor by the Company to related parties.
  
- (6) For the year ended December 31, 2014, the Company acquired convertible bonds with a face value of 5,000 million and 6,000 million, respectively, from IRIVER LIMITED and Health Connect Co., Ltd. at the face value. During the six-month period ended June 30, 2015, the Company exercised the conversion right for the convertible bonds of Health Connect Co., Ltd. As a result of this transaction, investments in associates have increased by 5,900 million.

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Notes to the Condensed Separate Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**29. 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 accounted for as an operating lease and the gain on disposal of the property and equipment is recognized as profit or loss.

The Company recognized lease payment of 7,270 million and 7,038 million, respectively, in relation to the above operating lease agreement and lease revenue of 4,770 million and 4,516 million, respectively, in relation to the sublease agreement for the six-month periods ended June 30, 2015 and 2014. Future lease payments and lease revenue from the above operating lease agreement and sublease agreement are as follows:

<i>(In millions of won)</i>	<b>Lease payments</b>	<b>Lease revenue</b>
Less than 1 year	14,757	9,540
1~5 years	54,718	31,180
More than 5 years	34,144	16,870
	103,619	57,590

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**30. Statements of Cash Flows**

- (1) Adjustments for income and expenses from operating activities for the six-month periods ended June 30, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	<b>For the six-month period ended</b>	
	<b>June 30, 2015</b>	<b>June 30, 2014</b>
Interest income	(11,160)	(12,827)
Dividends	(56,731)	(10,567)
Gain on foreign currency translation	(1,098)	(115)
Gain relating to financial liabilities at fair value through profit or loss	(5,188)	
Gain on disposal of long-term investment securities	(2,828)	(5,851)
Gain on disposal of property and equipment and intangible assets	(937)	(600)
Gain on valuation of derivatives	(1,030)	(6,017)
Gain on settlement of derivatives		(118)
Loss on foreign currency translation	25	1,741
Bad debt for accounts receivable trade	23,612	16,034
Bad debt for accounts receivable other	4,085	8,123
Loss on disposal of long-term investments securities	2	6
Loss relating to financial assets at fair value through profit or loss	689	1,352
Other finance costs	32	
Depreciation and amortization	1,113,981	1,083,590
Loss on disposal of property and equipment and intangible assets	2,056	2,709
Interest expenses	121,132	132,372
Loss relating to financial liabilities at fair value through profit or loss	174	7,798
Loss on settlement of derivatives	4,517	335
Provision for retirement benefits	17,826	16,804
Income tax expense	170,359	123,472
Other expenses	4,028	3,149
	<b>1,383,546</b>	<b>1,361,390</b>

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the six-month periods ended June 30, 2015 and 2014

**30. Statements of Cash Flows, Continued**

- (2) Changes in assets and liabilities from operating activities for the six-month periods ended June 30, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	<b>For the six-month period ended</b>	
	<b>June 30, 2015</b>	<b>June 30, 2014</b>
Accounts receivable trade	(61,178)	(100,450)
Accounts receivable other	2,495	40,419
Advance payments	(32,173)	(22,336)
Prepaid expenses	3,561	4,888
Inventories	(11,100)	2,426
Long-term prepaid expenses	(1,296)	(4,905)
Guarantee deposits	(8,397)	3,202
Accounts payable other	(95,177)	(485,253)
Advanced receipts	16,966	7,281
Withholdings	(161,073)	184,824
Deposits received	(7,164)	(462)
Accrued expenses	(189,574)	(53,559)
Unearned revenue	(58,743)	(56,706)
Provisions	(11,476)	4,710
Long-term provisions	(9,393)	32,880
Plan assets	(5,357)	(884)
Retirement benefit payment	(20,266)	(10,710)
Others	1,358	1,933
	(647,987)	(452,702)

- (3) Significant non-cash transactions for the six-month periods ended June 30, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	<b>For the six-month period ended</b>	
	<b>June 30, 2015</b>	<b>June 30, 2014</b>
Transfer of other property and equipment and others to construction in progress	327,678	363,931
Transfer of construction in progress to property and equipment and intangible assets	624,450	795,529
Decrease of accounts payable other related to acquisition of property and equipment and intangible assets	(142,839)	(278,349)

**31. Subsequent Events**

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### (1) Interim dividends

On July 23, 2015, the Board of Directors of the Company resolved to pay interim cash dividends of ₩ 1,000 per share totaling ₩ 72,629 million (Market dividend rate: 0.40%). The ex-dividend date was June 30, 2015 and the interim dividends are expected to be paid within twenty days after the date of the Board of Directors' resolution.



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**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/ Yong Hwan Lee

*(Signature)*

Name: Yong Hwan Lee

Title: Chief Financial Officer

Date: September 17, 2015