

AVEO PHARMACEUTICALS INC
 Form 4
 May 31, 2016

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 EVNIN ANTHONY B

2. Issuer Name and Ticker or Trading Symbol
 AVEO PHARMACEUTICALS INC
 [AVEO]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction
 (Month/Day/Year)

Director 10% Owner
 Officer (give title below) Other (specify below)

C/O AVEO PHARMACEUTICALS, INC., ONE BROADWAY, 14TH FLOOR

05/26/2016

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

CAMBRIDGE, MA 02142

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)		
				(A) or (D)	Code	V	Amount	(D)	Price

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
Stock Option (right to buy)	\$ 0.92	05/26/2016		A	20,000	<u>(1)</u> 05/26/2026	Common Stock	20,000
Stock Option (right to buy)	\$ 0.92	05/26/2016		A	44,021	<u>(2)</u> 05/26/2026	Common Stock	44,021

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
EVNIN ANTHONY B C/O AVEO PHARMACEUTICALS, INC. ONE BROADWAY, 14TH FLOOR CAMBRIDGE, MA 02142	X			

Signatures

/s/ Karuna Rubin, attorney-in-fact 05/31/2016

__Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) This option vests in twelve equal monthly installments, with the first tranche exercisable on July 1, 2016.
- (2) This option vests in four equal quarterly installments, commencing on January 1, 2016 and ending on December 31, 2016.

Remarks: Exhibit List

Exhibit 24 - Power of Attorney

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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.	China	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:

Subsidiary	Reason
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:

Subsidiary	Reason
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)

	June 30, 2015
	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)

	December 31, 2014	
	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)

	Cellular Services	Fixed-line Telecommunication services	Others	Sub-total	Consolidation adjustments	Consolidated amount
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

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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)

	June 30, 2015		
	Gross amount	Allowances for impairment	Carrying amount
Current assets:			
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
	3,501,513	(313,764)	3,187,749
Non-current assets:			
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
	452,674	(28,835)	423,839
	3,954,187	(342,599)	3,611,588

(In millions of won)

	December 31, 2014		
	Gross amount	Allowances for impairment	Carrying amount
Current assets:			
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
	3,472,372	(301,184)	3,171,188
Non-current assets:			
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
	440,011	(27,007)	413,004

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>	For the six-month period ended	
	June 30, 2015	June 30, 2014
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
Balance at June 30	342,599	330,028

- (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>	June 30, 2015		December 31, 2014	
	Accounts receivable - trade	Other receivables	Accounts receivable - trade	Other receivables
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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	Accounts receivable		Accounts receivable -	
	- trade	Other receivables	trade	Other receivables
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
	77,171	5,146	76,671	3,481

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SK TELECOM CO., LTD. and Subsidiaries

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

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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SK TELECOM CO., LTD. and Subsidiaries

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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
Equity securities:		
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
Debt securities:		
Public bonds(*3)		158
Investment bonds(*4)	48,251	36,638
	48,251	36,796
Total	1,224,974	959,438
Less current installments of long-term investment securities	(75,655)	(3,158)
Long-term investment securities	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>	2015
Consideration paid	
Cash and cash equivalents	13,957
Accounts payable other	2,302
	16,259
Assets transferred	
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
Investments in associates					
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 Kanggun BcN Co., Ltd. and others			160,491		158,725
Sub-total			6,525,891		6,246,620
Investments in joint ventures					
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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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

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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SK TELECOM CO., LTD. and Subsidiaries

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

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

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)

			June 30, 2015		
	Net assets	Ownership interests (%)	Net assets attributable to the ownership interests	Cost-book value differentials	Carrying amount
Associates:					
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)

			December 31, 2014		
	Net assets	Ownership interests (%)	Net assets attributable to the ownership interests	Cost-book value differentials	Carrying amount
Associates:					
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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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)	
Investments in associates						
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
Investments in joint ventures						
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						Ending balance
	Beginning balance	Acquisition and Disposal	Share of profits (losses)	Other comprehensive income (loss)	Impairment loss	Other increase (decrease)	
Investments in associates							
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
Sub-total	5,282,591	10,132	305,441	(53,811)	(491)	5,839	5,549,701
Investments in joint ventures							
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
Sub-total	42,706	19,677	(10,369)	422			52,436
Total	5,325,297	29,809	295,072	(53,389)	(491)	5,839	5,602,137

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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:

(In millions of won)

	Unrealized loss		Unrealized change in equity	
	Period ended June 30, 2015	Accumulated	Period ended June 30, 2015	Accumulated
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:

(In millions of won)

	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	

(In millions of won)

	Beginning balance	For the six-month period ended June 30, 2014							Ending balance
		Acquisition	Disposal	Transfer	Depreciation	Impairment	Others	Business acquisition	
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>	For the six-month period ended June 30, 2015			
	Beginning balance	Transfer	Depreciation	Ending balance
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>	For the six-month period ended June 30, 2014			
	Beginning balance	Transfer	Depreciation	Ending balance
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>	June 30, 2015	December 31, 2014
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>	For the six-month period ended
-----------------------------	---------------------------------------

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	June 30, 2015	June 30, 2014
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						Ending balance
	Beginning balance	Acquisition	Disposal	Transfer	Amortization	Business combination	
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							Business acquisition	Ending balance
	Beginning balance	Acquisition	Disposal	Transfer	Amortization	Impairment	Others		
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)

	Lender	Annual interest rate (%)	June 30, 2015	December 31, 2014
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)

Lender	Annual interest rate (%)	Maturity	June 30, 2015	December 31, 2014
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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For the six-month periods ended June 30, 2015 and 2014

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)

	Purpose	Maturity	Annual interest rate (%)	June 30, 2015	December 31, 2014
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&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)

	Amount
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
Finance Lease Liabilities		
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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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>	June 30, 2015	December 31, 2014
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:

	June 30, 2015	December 31, 2014
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>	For the six-month period ended	
	June 30, 2015	June 30, 2014
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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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>	For the six-month period ended	
	June 30, 2015	June 30, 2014
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>	For the six-month period ended	
	June 30, 2015	June 30, 2014
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)

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 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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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 (*)		
Non-current assets:						
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
Total assets						67,494
Non-current liabilities:						
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)
Total liabilities						(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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For the six-month periods ended June 30, 2015 and 2014

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)

	June 30, 2015	December 31, 2014
Appropriated:		
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
Unappropriated	2,023,985	2,122,300
	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 & 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
Other Operating Expenses:				
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
Other Non-operating Income:				
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
Other Non-operating Expenses:				
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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For the six-month periods ended June 30, 2015 and 2014

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
Finance Income:				
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
Finance Costs:				
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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For the six-month periods ended June 30, 2015 and 2014

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
Basic earnings per share attributable to owners of the Parent Company:				
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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For the six-month periods ended June 30, 2015 and 2014

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)

	June 30, 2015	December 31, 2014
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)

	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
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)

	June 30, 2015	December 31, 2014
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
	2,577,647	3,241,615

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)

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(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)

	June 30, 2015	December 31, 2014
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
	4,825,567	4,824,371

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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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

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>	June 30, 2015	December 31, 2014
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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For the six-month periods ended June 30, 2015 and 2014

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
Financial assets that can be measured at fair value					
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
Financial assets that cannot be measured at fair value					
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				
Financial liabilities that can be measured at fair value					
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
Financial liabilities that cannot be measured at fair value					
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
Financial assets that can be measured at fair value					
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
Financial assets that cannot be measured at fair value					
Cash and cash equivalents(*1)	834,429				834,429
Available-for-sale financial assets(*1,2)	382,010				382,010
Accounts receivable trade and others(*1)	3,584,193				3,584,193
Financial instruments(*1)	313,699				313,699
	5,114,331				5,114,331
Financial liabilities that can be measured at fair value					
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
Financial liabilities that cannot be measured at fair value					
Accounts payable trade(*1)	275,495				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				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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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

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:

	Interest rate
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)

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

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SK TELECOM CO., LTD. and Subsidiaries

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

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

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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

- (1) List of related parties

Relationship	Company
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:

(In millions of won)

	2015		2014	
	Three-month period ended June 30, 2015	Six-month period ended June 30, 2015	Three-month period ended June 30, 2014	Six-month period ended June 30, 2014
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

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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, 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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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
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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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	
Total		24,569	60,617	410,107	

(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

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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

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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>	For the six-month period ended	
	June 30, 2015	June 30, 2014
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
	1,479,292	1,528,742

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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>	For the six-month period ended	
	June 30, 2015	June 30, 2014
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>	For the six-month period ended	
	June 30, 2015	June 30, 2014
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
Assets			
Current Assets:			
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
Total Current Assets		2,685,875	2,689,913
Non-Current Assets:			
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
Total Non-Current Assets		20,177,570	20,022,549
Total Assets		22,863,445	22,712,462

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
Liabilities and Equity			
Current Liabilities:			
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
Total Current Liabilities		3,456,046	3,378,046
Non-Current Liabilities:			
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
Total Non-Current Liabilities		5,601,032	5,792,195
Total Liabilities		9,057,078	9,170,241
Equity			
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
Total Equity		13,806,367	13,542,221
Total Liabilities and Equity		22,863,445	22,712,462

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
Operating revenue:	28				
Revenue		3,143,766	6,277,222	3,264,610	6,528,313
Operating expense:	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
Operating income		396,090	803,916	527,665	778,959
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)
Profit before income tax		319,381	698,142	444,435	640,379
Income tax expense	24	87,384	170,359	81,061	123,472
Profit for the period		231,997	527,783	363,374	516,907
Earnings per share	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
Profit for the period		231,997	527,783	363,374	516,907
Other comprehensive loss					
Items that will never be reclassified to profit or loss, net of taxes:					
Remeasurement of defined benefit liabilities	14	(410)	(2,453)	(6,467)	(9,585)
Items that are or may be reclassified subsequently to profit or loss, net of taxes:					
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)
Other comprehensive loss for the period, net of taxes		(53,732)	(71,424)	(36,667)	(77,709)
Total comprehensive income		178,265	456,359	326,707	439,198

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								Total	
	Loss on disposal of							Retained	Reserves	equity
	Share capital	Paid-in surplus	Treasury stock	treasury stock	Hybrid bond	Other	earnings			
Balance, January 1, 2014	44,639	2,915,887	(2,139,683)	(18,087)	398,518	(722,741)	12,665,699	171,176	13,315,408	
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)	
Balance, June 30, 2014	44,639	2,915,887	(2,139,683)	(18,087)	398,518	(722,741)	12,568,736	103,052	13,150,321	
Balance, January 1, 2015	44,639	2,915,887	(2,139,683)	(18,087)	398,518	(722,741)	12,996,790	66,898	13,542,221	
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)	
Balance, June 30, 2015	44,639	2,915,887	(1,770,434)		398,518	(698,005)	12,917,835	(2,073)	13,806,367	

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
Cash flows from operating activities:			
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)
Net cash provided by operating activities		1,151,412	1,232,720
Cash flows from investing activities:			
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)
Net cash used in investing activities		(1,061,850)	(1,097,008)

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>	June 30, 2015	June 30, 2014
Cash flows from financing activities:		
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
Sub-total	868,893	743,024
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)
Sub-total	(1,051,155)	(914,846)
Net cash used in financing activities	(182,262)	(171,822)
Net decrease in cash and cash equivalents	(92,700)	(36,110)
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)
Cash and cash equivalents at end of the period	155,687	412,194

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
Current assets:			
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
Non-current assets:			
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)

	December 31, 2014		
	Gross amount	Allowances for impairment	Carrying amount
Current assets:			
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
Non-current assets:			
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>	For the six-month period ended	
	June 30, 2015	June 30, 2014
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
Balance at June 30	205,240	182,824

- (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>	June 30, 2015		December 31, 2014	
	Accounts receivable		Accounts receivable	
	- trade	Other receivables	- trade	Other receivables
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:

<i>(In millions of won)</i>	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
Equity securities:		
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
Debt securities:		
Public bonds(*3)		158
Investment bonds(*4)	9,157	16,306
	9,157	16,464
Total	731,379	608,955
Less current installments of long-term investment securities		(158)
Long-term investment securities	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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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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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)

		June 30, 2015		December 31, 2014
	Number of	Ownership	Carrying	Carrying
	shares	percentage	amount	amount
		(%)		
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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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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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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SK TELECOM CO., LTD.

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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SK TELECOM CO., LTD.

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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>	Amount
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:

<i>(In millions of won)</i>	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

<i>(In millions of won)</i>	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:

<i>(In millions of won)</i>	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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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>	For the six-month period ended	
	June 30, 2015	June 30, 2014
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>	For the six-month period ended	
	June 30, 2015	June 30, 2014
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>	For the six-month period ended	
	June 30, 2015	June 30, 2014
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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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)

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 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(*)		
Non-current assets:						
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
Total assets						57,883
Non-current liabilities:						
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)
Total liabilities						(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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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:

(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

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)

	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 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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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

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

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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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

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

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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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

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

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
Other Operating Expenses:				
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
Other Non-operating Income:				
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
Other Non-operating Expenses:				
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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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

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

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
Finance Income:				
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
Finance Costs:				
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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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

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

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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		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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SK TELECOM CO., LTD.

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			Total
	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortized cost	Derivative financial instruments designated as hedged item	
Derivative financial liabilities			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			Total
	Financial liabilities at fair value	Financial liabilities measured at amortized	Derivative financial instruments designated	

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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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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:

<i>(In millions of won)</i>	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)

	June 30, 2015	December 31, 2014
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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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

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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:

<i>(In millions of won)</i>	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
Financial assets that can be measured at fair value					
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
Financial assets that cannot be measured at fair value					
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				
Financial liabilities that can be measured at fair value					
Financial liabilities at fair value through profit or loss	55,351		55,351		55,351
Derivative financial liabilities	88,498		88,498		88,498

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	143,849	143,849	143,849
Financial liabilities that cannot be measured at fair value			
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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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

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

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
Financial assets that can be measured at fair value					
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
Financial assets that cannot be measured at fair value					
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
Financial liabilities that can be measured at fair value					
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
Financial liabilities that cannot be measured at fair value					
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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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

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

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:

	Interest rate
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)

	Balance at January 1	Loss for the period	Other comprehensive loss	Balance at June 30
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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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

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

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	
Financial assets:						
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
Financial liabilities:						
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	
Financial assets:						
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
Financial liabilities:						
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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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

(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:

(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
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	December 31, 2014		
		Loans	Accounts receivable 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
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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SK TELECOM CO., LTD.

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>	Lease payments	Lease revenue
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>	For the six-month period ended	
	June 30, 2015	June 30, 2014
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
	1,383,546	1,361,390

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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>	For the six-month period ended	
	June 30, 2015	June 30, 2014
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>	For the six-month period ended	
	June 30, 2015	June 30, 2014
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