



SK HOLDINGS CO., LTD. AND ITS SUBSIDIARIES

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015
WITH INDEPENDENT AUDITORS' REVIEW REPORT**

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Report on review of interim condensed consolidated financial statements

The Board of Directors and Shareholders of SK Holdings Co., Ltd.

We have reviewed the accompanying interim condensed consolidated financial statements of SK Holdings Co., Ltd. and its subsidiaries (collectively, the “Group”), which comprise the interim condensed consolidated statement of financial position as at March 31, 2016, and the related interim condensed consolidated statements of comprehensive income, changes in shareholders’ equity and cash flows for the three months ended March 31, 2016 and 2015, all expressed in Korean won and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with Korean International Financial Reporting Standards 1034 Interim Financial Reporting (KIFRS 1034) and for such internal control as management determines is necessary to enable the preparation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with the review standards for interim financial statements in the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of Korea. Consequently, it 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 review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not presented fairly, in all material respects, in accordance with KIFRS 1034.

Other matters

We have audited the consolidated statement of financial position of the Group as at December 31, 2015, and the related consolidated statement of comprehensive income, changes in shareholders' equity and cash flows for the year then ended in accordance with auditing standards generally accepted in the Republic of Korea and our report dated March 10, 2016 expressed an unqualified opinion thereon. The accompanying consolidated statement of financial position as at December 31, 2015, presented for comparative purpose are not different, in all material respects, from the above audited consolidated statement of financial position.

We have reviewed the translation of the interim condensed consolidated financial statements mentioned above into United States dollar amounts on the basis described in Note 2 to the accompanying interim condensed consolidated financial statements. In our opinion, such statements have been properly translated on such basis.

Ernst & Young Han Young

May 13, 2016

This review report is effective as at May 13, 2016, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the auditor's review report date to the time this review report is used. Such events and circumstances could significantly affect the accompanying interim condensed consolidated financial statements and may result in modification to this review report.

SK HOLDINGS CO., LTD. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

“The accompanying interim condensed consolidated financial statements, including all footnote disclosures, have been prepared by, and are the responsibility of SK Holdings Co., Ltd.”

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SK HOLDINGS CO., LTD. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2016 AND DECEMBER 31, 2015

(Korean won in millions and U.S. dollar in thousands)

	Notes	Korean won		Translation into U.S. dollar (Note 2)	
		March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Assets					
Current assets:					
Cash and cash equivalents	5	₩ 7,965,624	₩ 6,995,224	\$ 6,905,612	\$ 6,064,347
Trade accounts receivable	5, 6, 26, 30, 32	9,923,254	10,177,906	8,602,734	8,823,499
Other accounts receivable	5, 26	1,910,228	1,654,688	1,656,028	1,434,493
Inventories	7, 30, 32	5,345,960	5,643,327	4,634,556	4,892,351
Available-for-sale financial assets	5, 8, 30, 32	210,643	153,340	182,612	132,935
Other current assets	5, 17, 18, 30, 32	5,502,586	5,090,707	4,770,339	4,413,270
Assets held for sale	27	28,102	49,939	24,362	43,293
Total current assets		<u>30,886,397</u>	<u>29,765,131</u>	<u>26,776,243</u>	<u>25,804,188</u>
Non-current assets:					
Long-term trade accounts receivable	5, 6, 32	36,275	45,251	31,448	39,229
Long-term other accounts receivable	5, 32	107,652	117,161	93,326	101,570
Available-for-sale financial assets	5, 8, 30, 32	1,780,969	1,906,664	1,543,970	1,652,938
Investments in associates and joint ventures	9, 30	11,181,680	11,157,775	9,693,697	9,672,974
Property, plant and equipment	10, 30, 32	39,497,274	39,445,286	34,241,243	34,196,173
Investment properties	11, 30	746,712	797,808	647,345	691,641
Goodwill	12, 32	161,498	27,078	140,007	23,475
Intangible assets	13, 32	9,832,848	9,722,351	8,524,359	8,428,566
Deferred income tax assets		625,600	629,235	542,349	545,501
Other non-current assets	5, 17, 18, 26, 32	2,921,970	3,020,069	2,533,134	2,618,179
Total non-current assets		<u>66,892,478</u>	<u>66,868,678</u>	<u>57,990,878</u>	<u>57,970,246</u>
Total assets		<u>₩ 97,778,875</u>	<u>₩ 96,633,809</u>	<u>\$ 84,767,121</u>	<u>\$ 83,774,434</u>
Liabilities and equity					
Current liabilities:					
Short-term borrowings	5, 14, 32	₩ 3,400,342	₩ 2,726,701	\$ 2,947,847	\$ 2,363,850
Trade accounts payable	5, 26, 32	6,901,527	7,430,851	5,983,118	6,442,003
Other accounts payable	5, 26	2,295,587	2,392,058	1,990,106	2,073,739
Provisions	15	338,674	305,020	293,606	264,430
Current portion of long-term debt	5, 14, 32	4,811,023	5,493,380	4,170,805	4,762,358
Other current liabilities	5, 17, 18, 32	8,455,778	7,569,563	7,330,539	6,562,258
Liabilities held for sale	27	1,697	1,749	1,471	1,516
Total current liabilities		<u>26,204,628</u>	<u>25,919,322</u>	<u>22,717,492</u>	<u>22,470,154</u>
Non-current liabilities:					
Bonds payable and long-term borrowings	5, 14, 32	24,141,509	23,496,303	20,928,920	20,369,573
Long-term other accounts payable	5, 32	2,852,161	3,034,627	2,472,615	2,630,799
Retirement benefit obligation	16, 32	374,278	265,703	324,472	230,345
Provisions	15	130,812	135,480	113,404	117,451
Deferred income tax liabilities		2,988,661	2,960,464	2,590,950	2,566,505
Other non-current liabilities	5, 17, 18, 26, 32	707,025	744,660	612,939	645,567
Total non-current liabilities		<u>31,194,446</u>	<u>30,637,237</u>	<u>27,043,300</u>	<u>26,560,240</u>
Total liabilities		<u>57,399,074</u>	<u>56,556,559</u>	<u>49,760,792</u>	<u>49,030,394</u>
Equity attributable to owners of the parent:					
Issued capital	1, 19	15,385	15,385	13,338	13,338
Other paid-in capital	19	4,757,409	4,773,965	4,124,326	4,138,678
Retained earnings	19	7,980,168	7,801,713	6,918,221	6,763,514
Other capital components	19	(68,163)	(24,545)	(59,093)	(21,279)
Total equity attributable to owner of the parent		<u>12,684,799</u>	<u>12,566,518</u>	<u>10,996,792</u>	<u>10,894,251</u>
Non-controlling interests		<u>27,695,002</u>	<u>27,510,732</u>	<u>24,009,537</u>	<u>23,849,789</u>
Total equity		<u>40,379,801</u>	<u>40,077,250</u>	<u>35,006,329</u>	<u>34,744,040</u>
Total liabilities and equity		<u>₩ 97,778,875</u>	<u>₩ 96,633,809</u>	<u>\$ 84,767,121</u>	<u>\$ 83,774,434</u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

SK HOLDINGS CO., LTD. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

(Korean won in millions and U.S. dollar in thousands, except for earnings per share)

	Notes	For the three months ended March 31,			
		Korean won		Translation into U.S. dollar (Note 2)	
		2016	2015	2016	2015
Sales	4, 26	₩ 20,673,961	₩ 641,314	\$ 17,922,810	\$ 555,972
Cost of sales	23, 26	<u>18,062,447</u>	<u>561,775</u>	<u>15,658,818</u>	<u>487,018</u>
Gross profit		2,611,514	79,539	2,263,992	68,954
Selling and administrative expenses	20, 23, 26	<u>1,098,636</u>	<u>2,380</u>	<u>952,437</u>	<u>2,063</u>
Operating income	4	1,512,878	77,159	1,311,555	66,891
Financial income	21	932,229	2,630	808,174	2,280
Financial costs	21	(1,048,195)	(17,092)	(908,708)	(14,818)
Gain (loss) related to investments in associates and joint ventures, net	9	34,612	170,980	30,006	148,227
Other non-operating income	22	205,009	19,930	177,728	17,278
Other non-operating expenses	22	<u>(207,937)</u>	<u>(5,735)</u>	<u>(180,266)</u>	<u>(4,972)</u>
Income before income tax expense	4	1,428,596	247,872	1,238,489	214,886
Income tax expense	24	<u>(365,919)</u>	<u>(53,929)</u>	<u>(317,226)</u>	<u>(46,752)</u>
Net income	4	1,062,677	193,943	921,263	168,134
Attributable to:					
Owners of the parent		387,051	192,592	335,545	166,963
Non-controlling interests		675,626	1,351	585,718	1,171
Other comprehensive income:					
Items not to be reclassified to profit or loss in subsequent periods (net of tax):					
Remeasurement loss on defined benefit plans		(30,850)	(9,068)	(26,745)	(7,861)
Items to be reclassified to profit or loss in subsequent periods (net of tax):					
Net gain on available-for-sale financial assets		61,366	7,815	53,199	6,775
Equity adjustments of investments in associates and joint ventures		10,668	(15,181)	9,249	(13,161)
Net change in valuation of cash flow hedges		(13,059)	-	(11,321)	-
Net gain (loss) on translation of foreign operations		(94,456)	314	(81,887)	272
Net loss on translation to the presentation currency		<u>(9,634)</u>	<u>-</u>	<u>(8,352)</u>	<u>-</u>
		<u>(75,965)</u>	<u>(16,120)</u>	<u>(65,857)</u>	<u>(13,975)</u>
Total comprehensive income		₩ 986,712	₩ 177,823	\$ 855,406	\$ 154,159
Attributable to:					
Owners of the parent		328,400	176,476	284,699	152,992
Non-controlling interests		658,312	1,347	570,707	1,168
Earnings per share (in Korean won and U.S. dollar):	25				
Basic earnings per share		₩ 6,925	₩ 4,377	\$ 6.00	\$ 3.79

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

SK HOLDINGS CO., LTD. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

(Korean won in millions)

	Issued capital	Other paid-in capital	Retained earnings	Other capital components	Controlling interests	Non-controlling interests	Total equity
As at January 1, 2015	₩ 10,000	₩ (555,097)	₩ 3,178,899	₩ (48,369)	₩ 2,585,433	₩ 16,935	₩ 2,602,368
Total comprehensive income:	-	-	192,592	-	192,592	1,351	193,943
Net income	-	-	(9,064)	-	(9,064)	(4)	(9,068)
Remeasurement loss on defined benefit plans	-	-	-	7,815	7,815	-	7,815
Net gain on available-for-sale financial assets	-	-	-	-	-	-	-
Equity adjustments of investment in associates and joint ventures	-	-	-	(15,181)	(15,181)	-	(15,181)
Net gain on translation of foreign operations	-	-	-	314	314	-	314
Transaction with shareholders:	-	-	-	-	-	-	-
Dividends	-	-	(88,000)	-	(88,000)	(2,233)	(90,233)
Equity transactions in consolidated entities	-	11,960	-	-	11,960	696	12,656
As at March 31, 2015	₩ 10,000	₩ (543,137)	₩ 3,274,427	₩ (55,421)	₩ 2,685,869	₩ 16,745	₩ 2,702,614
As at January 1, 2016	₩ 15,385	₩ 4,773,965	₩ 7,801,713	₩ (24,545)	₩ 12,566,518	₩ 27,510,732	₩ 40,077,250
Total comprehensive income:	-	-	387,051	-	387,051	675,626	1,062,677
Net income	-	-	(15,033)	-	(15,817)	(15,817)	(30,850)
Remeasurement gain on defined benefit plans	-	-	-	18,055	18,055	43,311	61,366
Net gain on available-for-sale financial assets	-	-	-	-	-	-	-
Equity adjustments of investment in associates and joint ventures	-	-	-	5,021	5,021	5,647	10,668
Net loss on valuation of derivative financial instruments	-	-	-	(7,455)	(7,455)	(5,604)	(13,059)
Net loss on translation of foreign operations	-	-	-	(51,342)	(51,342)	(43,114)	(94,456)
Net loss on translation to the presentation currency	-	-	-	(7,897)	(7,897)	(1,737)	(9,634)
Transaction with shareholders:	-	-	(191,750)	-	(191,750)	(825,729)	(1,017,479)
Dividends	-	(16,244)	-	-	(16,244)	7,162	(9,082)
Equity transactions in consolidated entities	-	-	-	-	-	-	-
Increase in non-controlling interests from business combination	-	-	-	-	-	348,920	348,920
Others	-	(312)	(1,813)	-	(2,125)	(4,395)	(6,520)
As at March 31, 2016	₩ 15,385	₩ 4,757,409	₩ 7,980,168	₩ (68,163)	₩ 12,684,799	₩ 27,695,002	₩ 40,379,801

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SK HOLDINGS CO., LTD. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

(U.S. dollar in thousands)

	Issued capital	Other paid-in capital	Retained earnings	Other capital components	Controlling interests	Non-controlling interests	Total equity
As at January 1, 2015	\$ 8,669	\$ (481,228)	\$ 2,755,873	\$ (41,932)	\$ 2,241,382	\$ 14,681	\$ 2,256,063
Total comprehensive income:							
Net income	-	-	166,963	-	166,963	1,171	168,134
Remeasurement loss on defined benefit plans	-	-	(7,858)	-	(7,858)	(3)	(7,861)
Net gain on available-for-sale financial assets	-	-	-	6,775	6,775	-	6,775
Equity adjustments of investment in associates and joint ventures	-	-	-	(13,161)	(13,161)	-	(13,161)
Net gain on translation of foreign operations	-	-	-	272	272	-	272
Transaction with shareholders:							
Dividends	-	-	(76,290)	-	(76,290)	(1,936)	(78,226)
Equity transactions in consolidated entities	-	10,368	-	-	10,368	603	10,971
As at March 31, 2015	\$ 8,669	\$ (470,860)	\$ 2,838,688	\$ (48,046)	\$ 2,328,451	\$ 14,516	\$ 2,342,967
As at January 1, 2016	\$ 13,338	\$ 4,138,678	\$ 6,763,514	\$ (21,279)	\$ 10,894,251	\$ 23,849,789	\$ 34,744,040
Total comprehensive income:							
Net income	-	-	335,545	-	335,545	585,718	921,263
Remeasurement gain on defined benefit plans	-	-	(13,033)	-	(13,033)	(13,712)	(26,745)
Net gain on available-for-sale financial assets	-	-	-	15,652	15,652	37,547	53,199
Equity adjustments of investment in associates and joint ventures	-	-	-	4,353	4,353	4,896	9,249
Net loss on valuation of derivative financial instruments	-	-	-	(6,463)	(6,463)	(4,858)	(11,321)
Net loss on translation of foreign operations	-	-	-	(44,510)	(44,510)	(37,377)	(81,887)
Net loss on translation to the presentation currency	-	-	-	(6,846)	(6,846)	(1,506)	(8,352)
Transaction with shareholders:							
Dividends	-	-	(166,233)	-	(166,233)	(715,847)	(882,080)
Equity transactions in consolidated entities	-	(14,082)	-	-	(14,082)	6,209	(7,873)
Increase in non-controlling interests from business combination	-	-	-	-	-	302,488	302,488
Others	-	(270)	(1,572)	-	(1,842)	(3,810)	(5,652)
As at March 31, 2016	\$ 13,338	\$ 4,124,326	\$ 6,918,221	\$ (59,093)	\$ 10,996,792	\$ 24,009,537	\$ 35,006,329

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

SK HOLDINGS CO., LTD. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

(Korean won in millions and U.S. dollar in thousands)

	Notes	For the three months ended March 31,			
		Korean won		Translation into U.S. dollar	
		2016	2015	2016	2015
Cash flows from operating activities:					
Net income		₩ 1,062,677	₩ 193,943	\$ 921,263	\$ 168,134
Non-cash adjustments	28	1,762,687	(90,347)	1,528,121	(78,324)
Working capital adjustments	28	(265,577)	(18,579)	(230,236)	(16,107)
Interest received		44,870	1,167	38,899	1,012
Interest paid		(285,609)	(15,380)	(247,602)	(13,333)
Dividends received		19,725	19,780	17,100	17,148
Income tax paid		(210,161)	(30,984)	(182,194)	(26,861)
Net cash provided by operating activities		2,128,612	59,600	1,845,351	51,669
Cash flows from investing activities:					
Net change of short-term financial assets		(645,279)	19,999	(559,410)	17,338
Increase in short-term loans, net		(31,636)	(5)	(27,426)	(4)
Proceeds from disposal of available-for-sale financial assets		224,647	142	194,752	123
Proceeds from disposal of investments in associates and joint ventures		18,857	-	16,348	-
Proceeds from disposal of property, plant and equipment		45,741	52	39,654	45
Proceeds from disposal of investment properties		144,722	-	125,463	-
Proceeds from disposal of intangible assets		11,945	22	10,355	19
Proceeds from disposal of assets held for sale		38,091	-	33,022	-
Acquisition of available-for-sale financial assets		(13,812)	(5)	(11,974)	(4)
Acquisition of investments in associates and joint ventures		(32,492)	-	(28,168)	-
Acquisition of property, plant and equipment		(891,410)	(7,141)	(772,787)	(6,191)
Acquisition of intangible assets		(91,690)	(1,747)	(79,489)	(1,515)
Changes in cash from changes in the scope of consolidation		(397,781)	-	(344,847)	-
Others, net		(38,053)	1,254	(32,989)	1,087
Net cash provided by (used in) investing activities		(1,658,150)	12,571	(1,437,496)	10,898
Cash flows from financing activities:					
Net change of short-term borrowings, net		711,381	(10,673)	616,715	(9,253)
Repayment of current portion of long-term debt		(1,349,466)	-	(1,169,888)	-
Increase in bonds payable and borrowings		1,342,305	-	1,163,680	-
Increase in other accounts payable		56,041	-	48,583	-
Cash inflows from transactions in equity of consolidated subsidiaries		1,896	-	1,644	-
Repayment of bonds payable and borrowings		(111,675)	-	(96,814)	-
Repayment of other accounts payable		(132,099)	-	(114,520)	-
Payment of dividends		(7,451)	(2,233)	(6,459)	(1,936)
Others, net		1,057	16,475	916	14,283
Net cash provided by financing activities		511,989	3,569	443,857	3,094
Net increase in cash and cash equivalents		982,451	75,740	851,712	65,661
Net foreign exchange effects		(12,051)	6	(10,447)	5
Cash and cash equivalents at the beginning of the period		6,995,224	246,017	6,064,347	213,279
Cash and cash equivalents at the end of the period		₩ 7,965,624	₩ 321,763	\$ 6,905,612	\$ 278,945

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

SK HOLDINGS CO., LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

1. CORPORATE INFORMATION

a. Outline of the parent

SK Holdings Co., Ltd. (the "Company") was established on April 13, 1991 and is engaged in providing systems integration, software design and development, information processing, consulting services and sales of pre-owned automobiles, and is headquartered at 26, Jong-ro, Jongno-gu, Seoul. The Company's ordinary shares have been listed on the Korea Exchange since November 11, 2009.

The Company has entered into business combination with SK Holdings Co., Ltd. effective August 1, 2015. As a result, the Company added the investment business to its existing operations for the purpose of holding the securities of its subsidiaries. Furthermore, the Company changed its name from SK C&C Co., Ltd. to its current form as at acquisition date.

As at March 31, 2016, the issued capital of the Company amounts to ₩15,385 million (including ₩113 million of preferred share), and major shareholders and their equity ownership are Tae-won Chey (23.40%), National Pension Service (8.40%) and Ki-won Chey (7.46%).

b. Consolidated subsidiaries

The Company and its subsidiaries (collectively, the "Group") are engaged in petroleum refining, telecommunications, wholesale and retail, chemicals, construction and other industries. Subsidiaries whose accounts are included in the consolidated financial statements as at March 31, 2016 are as follows:

Subsidiary	Domicile	Principal business activity	The largest shareholders	Equity ownership (*1)
SK Innovation Co., Ltd. (*2)	Korea	Resource development	SK Holdings Co., Ltd.	33.40%
SK Energy Co., Ltd.	Korea	Crude oil refining and sales	SK Innovation Co., Ltd.	100.00%
Netruck Co., Ltd.	Korea	Transportation and oil sales	SK Energy Co., Ltd.	100.00%
Jeju United FC Corporation	Korea	Sports association sponsoring	SK Energy Co., Ltd.	100.00%
SK Energy Road Investment Co., Ltd.	Cayman	Investment	SK Energy Co., Ltd.	100.00%
SK Energy Road Investment (HK) Co., Ltd.	Hong Kong	Investment and trade	SK Energy Road Investment Co., Ltd.	100.00%
Shanxi SK Guolin Asphalt Co., Ltd.	China	Asphalt manufacturing	SK Energy Road Investment (HK) Co., Ltd.	51.00%
Ningbo SK Baoying Asphalt Storage Co., Ltd.	China	Asphalt manufacturing	SK Energy Road Investment (HK) Co., Ltd.	51.00%
Hefei SK Baoying Asphalt Co., Ltd.	China	Asphalt manufacturing	SK Energy Road Investment (HK) Co., Ltd.	51.00%
Chongqing SK Asphalt Co., Ltd.	China	Asphalt manufacturing	SK Energy Road Investment (HK) Co., Ltd.	51.00%
SK Shanghai Asphalt Co., Ltd.	China	Asphalt manufacturing	SK Energy Road Investment (HK) Co., Ltd.	100.00%
SK Energy Hong Kong Co., Ltd.	Hong Kong	Investment	SK Energy Co., Ltd.	100.00%
Shandong SK Hightech Oil Co., Ltd.	China	Gas station operation	SK Energy Hong Kong Co., Ltd.	58.84%
SK Global Chemical Co., Ltd.	Korea	Chemicals manufacturing and sales	SK Innovation Co., Ltd.	100.00%
SK Global Chemical (China) Holding Co., Ltd.	China	Investment	SK Global Chemical Co., Ltd.	100.00%
SK Global Chemical International Trading (Shanghai) Co., Ltd.	China	Petrochemicals sales	SK Global Chemical (China) Holding Co., Ltd.	100.00%
SK Golden Tide Plastics (Yantai) Co., Ltd.	China	Petrochemicals sales	SK Energy Road Investment (HK) Co., Ltd.	51.00%
SK Global Chemical International Trading (Guangzhou) Co., Ltd.	China	Petrochemicals sales	SK Global Chemical (China) Holding Co., Ltd.	100.00%
Shanghai Huayou International Freight. Forwarding Co., Ltd.	China	Foreign freight forwarding	SK Global Chemical (China) Holding Co., Ltd.	100.00%
SK Global Chemical Americas, Inc.	USA	Petrochemicals sales	SK Global Chemical Co., Ltd.	100.00%
SK Global Chemical Japan Co., Ltd.	Japan	Petrochemicals sales	SK Global Chemical Co., Ltd.	100.00%
SK Global Chemical Singapore Pte. Ltd.	Singapore	Petrochemicals sales	SK Global Chemical Co., Ltd.	100.00%
SK Global Chemical Investment Hong Kong Ltd.	Hong Kong	Investment	SK Global Chemical Co., Ltd.	100.00%
Ningbo SK Performance Rubber Co., Ltd.	China	Manufacturing	SK Global Chemical Investment HongKong Ltd.	80.00%
SK Incheon Petrochem Co., Ltd. (*3)	Korea	Crude oil refining	SK Innovation Co., Ltd.	100.00%
SK Trading International Co., Ltd.	Korea	Trading business	SK Innovation Co., Ltd.	100.00%

1. CORPORATE INFORMATION (CONTINUED)

Subsidiary	Domicile	Principal business activity	The largest shareholders	Equity ownership (*1)
SK Energy International Pte. Ltd.	Singapore	Trading business	SK Trading International Co., Ltd.	100.00%
SK Energy Europe, Ltd.	UK	Trading business	SK Energy International Pte. Ltd.	100.00%
SK Energy Americas, Inc.	USA	Trading business	SK Energy International Pte. Ltd.	100.00%
SK Terminal B.V.	Netherlands	Investment	SK Energy International Pte. Ltd.	100.00%
Bergaya International Pte. Ltd.	Singapore	Management and consulting	SK Energy International Pte. Ltd.	100.00%
SK Lubricants Co., Ltd.	Korea	Lubricants oil manufacturing	SK Innovation Co., Ltd.	100.00%
Yubase Manufacturing Asia Corporation	Korea	Lubricants oil manufacturing and sales	SK Lubricants Co., Ltd.	70.00%
SK Energy Lubricants (Tianjin) Co., Ltd.	China	Lubricants oil manufacturing and sales	SK Lubricants Co., Ltd.	100.00%
PT. Patra SK	Indonesia	Lubricants oil manufacturing and sales	SK Lubricants Co., Ltd.	65.00%
SK Lubricants & Oils India Private Limited	India	Lubricants oil sales	SK Lubricants Co., Ltd.	100.00%
SK Lubricants Americas, Inc.	USA	Lubricants oil sales	SK Lubricants Co., Ltd.	100.00%
SK Lubricants Europe B.V.	Netherlands	Lubricants oil sales	SK Lubricants Co., Ltd.	100.00%
SK Lubricants Japan Co., Ltd.	Japan	Lubricants oil sales	SK Lubricants Co., Ltd.	100.00%
Iberian Lube Base Oils, S.A.	Spain	Lubricants oil manufacturing and sales	SK Lubricants Co., Ltd.	70.00%
SK Lubricants Russia LLC	Russia	Lubricants oil sales	SK Lubricants Co., Ltd.	100.00%
SK Mobile Energy Co., Ltd.	Korea	Lithium battery manufacturing	SK Innovation Co., Ltd.	100.00%
SK Innovation Insurance (Bermuda), Ltd.	Bermuda	Insurance	SK Innovation Co., Ltd.	100.00%
SK USA, Inc.	USA	Management consulting services	SK Innovation Co., Ltd.	100.00%
SK Energy Australia (Togara) Pty. Ltd.	Australia	Resource development	SK Innovation Co., Ltd.	100.00%
Moche Energy Company, LLC	Peru	Resource development	SK Innovation Co., Ltd.	99.90%
SK E&P Company	USA	Crude oil development	SK Innovation Co., Ltd.	100.00%
SK E&P Asia, Ltd.	Malaysia	Crude oil development	SK Innovation Co., Ltd.	100.00%
SK E&P America, Inc.	USA	Investment	SK Innovation Co., Ltd.	100.00%
SK Plymouth, LLC	USA	Crude oil development	SK E&P America, Inc.	100.00%
SK Permian, LLC	USA	Crude oil development	SK E&P America, Inc.	100.00%
SK Battery Systems Co., Ltd.	Korea	Battery pack manufacturing	SK Innovation Co., Ltd.	100.00%
SK Telecom Co., Ltd. (*2)	Korea	Mobile telecommunications	SK Holdings Co., Ltd.	25.22%
SK Teink Co., Ltd.	Korea	International call and MVNO business	SK Telecom Co., Ltd.	83.46%
SK Broadband Co., Ltd.	Korea	Wire communications	SK Telecom Co., Ltd.	100.00%
PS&Marketing Corp.	Korea	Resale communication business	SK Telecom Co., Ltd.	100.00%
Serviceace Co., Ltd.	Korea	Call center and telemarketing business	SK Telecom Co., Ltd.	100.00%
Service Top Co., Ltd.	Korea	Call center and telemarketing business	SK Telecom Co., Ltd.	100.00%
Network O&S Co., Ltd.	Korea	Maintenance management	SK Telecom Co., Ltd.	100.00%
Neos Networks Co., Ltd. (*4)	Korea	Machine security and facilities security	SK Telecom Co., Ltd.	83.93%
SK techx Co., Ltd.	Korea	System software development and supplying	SK Telecom Co., Ltd.	100.00%
One store Co., Ltd.	Korea	Telecommunication service	SK Telecom Co., Ltd.	100.00%
SK Planet Co., Ltd.	Korea	IT service	SK Telecom Co., Ltd.	100.00%
M & Service Co., Ltd.	Korea	Internet website service	SK Planet Co., Ltd.	100.00%
SK Communications Co., Ltd.	Korea	Internet portal service	SK Telecom Co., Ltd.	64.54%
Stonebridge Cinema Fund	Korea	Investment fund	SK Planet Co., Ltd.	55.23%
K-Net Culture & Contents Venture Fund	Korea	Investment fund	SK Planet Co., Ltd.	59.00%
Fitech Focus Limited Partnership II	Korea	Investment fund	SK Planet Co., Ltd.	99.00%
Open Innovation Fund	Korea	Investment fund	SK Planet Co., Ltd.	98.90%
SK Planet Japan K.K.	Japan	Digital contents sourcing and presenting	SK Planet Co., Ltd.	100.00%
SK Planet Global Pte. Ltd.	Singapore	Digital contents sourcing and presenting	SK Planet Co., Ltd.	100.00%
SKP America, LLC	USA	Digital contents sourcing and presenting	SK Planet Co., Ltd.	100.00%
shopkick Management Company, Inc. (*5)	USA	Investment	SKP America, LLC	100.00%
shopkick, Inc.	USA	E-commerce App. Development	Shopkick Management Company, Inc.	100.00%

1. CORPORATE INFORMATION (CONTINUED)

Subsidiary	Domicile	Principal business activity	The largest shareholders	Equity ownership (*1)
SKP Global Holdings Pte. Ltd.	Singapore	Holding Company	SK Planet Co., Ltd.	100.00%
SK Telecom China (Holding) Co., Ltd.	China	Holding Company	SK Telecom Co., Ltd.	100.00%
SK Global Healthcare Business Group., Ltd.	Hong Kong	Investment	SK Telecom Co., Ltd.	100.00%
SKT Vietnam Pte. Ltd.	Singapore	Wireless communications	SK Telecom Co., Ltd.	73.32%
SKT Americas, Inc.	USA	Management consulting and investment	SK Telecom Co., Ltd.	100.00%
YTK Investment, Ltd.	Cayman	Investment	SK Telecom Co., Ltd.	100.00%
Atlas Investment, Ltd.	Cayman	Investment	SK Telecom Co., Ltd.	100.00%
Technology Innovation Partners L.P.	USA	Investment	Atlas Investment, Ltd.	100.00%
SK Telecom China Fund I L.P.	Cayman	Investment	Atlas Investment, Ltd.	100.00%
iriver Co., Ltd. (*2)	Korea	Video and audio equipment manufacturing	SK Telecom Co., Ltd.	48.97%
iriver America Inc.	USA	Marketing and Sales	iriver Co., Ltd.	100.00%
iriver Inc.	USA	Marketing and Sales	iriver Co., Ltd.	100.00%
iriver Enterprise Ltd.	Hong Kong	Chinese subsidiary management	iriver Co., Ltd.	100.00%
iriver China Co., Ltd.	China	MP3,4 production and sales	iriver Enterprise, Ltd.	100.00%
Dongguan iriver Electronics Co., Ltd.	China	Electronic book production and sales	iriver Enterprise, Ltd.	100.00%
Groover JP Ltd.	Japan	Music distribution and sales	iriver Co., Ltd.	100.00%
ENTRIX Co., Ltd.	Korea	Cloud streaming operations	SK Planet Co., Ltd.	100.00%
SK Networks Co., Ltd. (*2)	Korea	Distribution and trading business	SK Holdings Co., Ltd.	39.14%
SK Networks Service Co., Ltd.	Korea	Communications equipment repair service	SK Networks Co., Ltd.	86.50%
SK Pinx Co., Ltd.	Korea	Golf club operating	SK Networks Co., Ltd.	100.00%
Car Life Service Co., Ltd. (formerly, Speed Motors Co., Ltd.)	Korea	Car dealer	SK Networks Co., Ltd.	100.00%
SKN (China) Holdings Co., Ltd.	China	Holding Company	SK Networks Co., Ltd.	100.00%
SK Networks (China) Fashion Co., Ltd.	China	Fashion	SK Networks Co., Ltd.	100.00%
Liaoning SK Networks Real Estate Development Co., Ltd.	China	Real estate development	SKN (China) Holdings Co., Ltd.	100.00%
Shenyang SK Bus Terminal Co., Ltd.	China	Bus terminal business	SKN (China) Holdings Co., Ltd.	75.00%
Liaoning SK Networks Logistics Co., Ltd.	China	Distribution and logistics	SKN (China) Holdings Co., Ltd.	100.00%
Dandong SK Networks Energy Co., Ltd.	China	Petroleum sales	SKN (China) Holdings Co., Ltd.	100.00%
Shenyang SK Networks Energy Co., Ltd.	China	Petroleum sales	SK Networks Co., Ltd.	100.00%
SK Liaoning Construction Co., Ltd. (*6)	China	Ascon manufacturing and sales	Shenyang SK Networks Energy Co., Ltd.	50.00%
SK (GZ Free Zone) Co., Ltd.	China	Trading business	SK Networks Co., Ltd.	100.00%
SK Networks (Shanghai) Co., Ltd.	China	Trading business	SK Networks Co., Ltd.	100.00%
POSK (Pinghu) Steel Processing Center Co., Ltd.	China	Steel processing and sales	SK Networks Co., Ltd.	80.00%
SK Networks Hong Kong Ltd.	Hong Kong	Trading business	SK Networks Co., Ltd.	100.00%
SK (Guangzhou) Metal Co., Ltd.	China	Steel processing and sales	SK Networks Hong Kong Ltd.	100.00%
SK Networks (Xiamen) Steel Processing Center Co., Ltd.	China	Steel processing and sales	SK Networks Hong Kong Ltd.	100.00%
SK Auto Service Hong Kong Co., Ltd.	Hong Kong	Holding Company	SK Networks Co., Ltd.	100.00%
SK (Shenyang) auto rental Co., Ltd.	China	Car rental	SK Auto Service Hong Kong Co., Ltd.	100.00%
SK (Beijing) auto rental Co., Ltd.	China	Car rental	SK Auto Service Hong Kong Co., Ltd.	100.00%
SK Rent-A-Car (Qingdao) Co., Ltd.	China	Car rental	SK Auto Service Hong Kong Co., Ltd.	100.00%
SK Networks Japan Co., Ltd.	Japan	Trading business	SK Networks Co., Ltd.	100.00%
Obzee N. Y. Inc.	USA	Fashion	SK Networks Co., Ltd.	100.00%
SK Networks Deutschland GmbH	Germany	Trading business	SK Networks Co., Ltd.	100.00%
Daiyang SK Networks SAN. VE TIC. Ltd. STI (*7)	Turkey	Steel processing and sales	SK Networks Co., Ltd.	51.22%
SK Networks Resources Australia Pty. Ltd.	Australia	Resource development	SK Networks Co., Ltd.	100.00%
SK Steel Australia Pty. Ltd.	Australia	Steel processing and sales	SK Networks Co., Ltd.	100.00%
SKC Co., Ltd. (*2)	Korea	Petrochemicals manufacturing	SK Holdings Co., Ltd.	41.74%
SK Telesys Co., Ltd.	Korea	Communications equipment manufacturing	SKC Co., Ltd.	79.39%
SKC Airgas Co., Ltd.	Korea	Manufacturing	SKC Co., Ltd.	80.00%
SKC Solmics Co., Ltd. (*2)	Korea	Semiconductor component manufacturing	SKC Co., Ltd.	44.69%
Solmics Taiwan Co., Ltd.	Taiwan	Semiconductor component distribution	SKC Solmics Co., Ltd.	100.00%
Solmics Shanghai Co., Ltd.	China	Semiconductor component distribution	SKC Solmics Co., Ltd.	100.00%
SKW Co., Ltd.	Korea	Film manufacturing	SKC Co., Ltd.	90.00%
SKC (Jiangsu) High tech Plastics Co., Ltd. (*4)	China	Film manufacturing	SKC Co., Ltd.	76.50%
SKC, Inc.	USA	Manufacturing	SKC Co., Ltd.	100.00%

1. CORPORATE INFORMATION (CONTINUED)

Subsidiary	Domicile	Principal business activity	The largest shareholders	Equity ownership (*1)
SKC Europe GmbH	Germany	Sales	SKC Co., Ltd.	100.00%
Bioland Co., Ltd. (*2)	Korea	Manufacturing	SKC Co., Ltd.	27.94%
Bioland Biotec Co., Ltd.	China	Research and manufacturing	Bioland Co., Ltd.	100.00%
Bioland Haimen Co., Ltd.	China	Manufacturing	Bioland Biotec Co., Ltd.	100.00%
SE (JIANGSU) Electronic Materials Co., Ltd.	China	Sales of raw chemical material and chemical products related to semiconductor	SK Telesys Co., Ltd.	51.00%
Techdream Co., Ltd.	Hong Kong	Semiconductor component	SK Telesys Co., Ltd.	100.00%
SKC INFRA SERVICE CO., LTD.	Korea	Electrical contractor, telecommunications contractor	SK Telesys Co., Ltd.	100.00%
SK Shipping Co., Ltd.	Korea	Shipping	SK Holdings Co., Ltd.	83.08%
GaSan 2nd LLC	Korea	Securitization company	(*8)	-
Blueseaocean 1st L.L.C	Korea	Securitization company	(*8)	-
Blueseaocean 2nd L.L.C	Korea	Securitization company	(*8)	-
SK Shipping Hong Kong Ltd.	Hong Kong	Shipping	SK Shipping Co., Ltd.	100.00%
SK Shipping Singapore Pte. Ltd.	Singapore	Shipping	SK Shipping Co., Ltd.	100.00%
SK B&T Pte. Ltd.	Singapore	Petroleum sales	SK Shipping Co., Ltd.	55.00%
Promise Shipholding S.A. and 57 other companies	Panama and others	Special purpose company for acquiring ship	(*8)	-
SK Shipping Europe Plc.	UK	Shipping	SK Shipping Co., Ltd.	100.00%
SK E&S Co., Ltd.	Korea	City gas business and power generation	SK Holdings Co., Ltd.	100.00%
Kangwon City Gas Co., Ltd.	Korea	City gas business	SK E&S Co., Ltd.	100.00%
Yeongnam energy service Co., Ltd.	Korea	City gas business	SK E&S Co., Ltd.	100.00%
Ko-one energy service Co., Ltd.	Korea	City gas business	SK E&S Co., Ltd.	100.00%
Narae energy service Co., Ltd.	Korea	Integrated energy service	SK E&S Co., Ltd.	100.00%
Pusan City Gas Co., Ltd.	Korea	City gas business	SK E&S Co., Ltd.	67.32%
Jeonbuk Energy Service Co., Ltd.	Korea	City gas business	SK E&S Co., Ltd.	100.00%
Chonnam City Gas Co., Ltd.	Korea	City gas business	SK E&S Co., Ltd.	100.00%
Chungcheong Energy Service Co., Ltd.	Korea	City gas business	SK E&S Co., Ltd.	100.00%
PMP Co., Ltd.	Korea	Energy business	SK E&S Co., Ltd.	100.00%
Wirye energy service Co., Ltd.	Korea	Integrated energy service	SK E&S Co., Ltd.	95.17%
SK E&S Hong Kong Co., Ltd.	Hong Kong	City gas business	SK E&S Co., Ltd., Pusan City Gas Co., Ltd.	100.00%
SK E&S Australia Pty. Ltd.	Australia	Resource development	SK E&S Co., Ltd.	100.00%
SK E&S Americas, Inc.	USA	Resource development	SK E&S Co., Ltd.	100.00%
SK E&S LNG, LLC	USA	Resource development	SK E&S Americas, Inc.	100.00%
DewBlaine Energy, LLC	USA	Resource development	SK E&S Americas, Inc.	100.00%
CAILIP Gas Marketing, LLC	USA	Resource development	SK E&S Americas, Inc.	100.00%
SK LNG Trading Pte. Ltd.	Singapore	Liquefied natural gas sales	SK E&S Co., Ltd.	100.00%
PT SK ENS Nusantara	Indonesia	Resource development	SK E&S Co., Ltd.	100.00%
SK Engineering & Construction Co., Ltd. (*2)	Korea	Construction	SK Holdings Co., Ltd.	44.48%
Seosuwon Development Company (*2)	Korea	Real estate development and construction	SK Engineering & Construction Co., Ltd.	19.90%
Ecomax Co., Ltd.	Korea	Real estate development and construction	SK Engineering & Construction Co., Ltd.	100.00%
SKEC Nanjing Co., Ltd.	China	Construction	SK Engineering & Construction Co., Ltd.	100.00%
SKEC (Thai), Ltd.	Thailand	Construction	SK Engineering & Construction Co., Ltd.	100.00%
Thai Woo Ree Engineering Co., Ltd.	Thailand	Construction	SKEC (Thai), Ltd.	99.77%
SKEC Anadolu EC, LLC	Turkey	Construction	SK Engineering & Construction Co., Ltd.	100.00%
SK E&C Betek Corporation	USA	Real estate development and construction	SK Engineering & Construction Co., Ltd.	100.00%
Mesa Verde RE Ventures, LLC	USA	Real estate development	SK E&C Betek Corporation	100.00%
N-Compass Development, LLC	USA	EPC Marketing	SK E&C Betek Corporation	100.00%
SKEC Consultores Ecquador, S.A.	Ecuador	Construction	SK Engineering & Construction Co., Ltd.	100.00%
Sunlake Co., Ltd.	Canada	EPC Marketing	SK Engineering & Construction Co., Ltd.	100.00%
SK E&C India Private Limited	India	Engineering service	SK Engineering & Construction Co., Ltd.	99.94%
SK Materials Co., Ltd. (*2, 9)	Korea	Special gas manufacturing and sales	SK Holdings Co., Ltd.	49.10%
SK Materials Japan Co., Ltd. (*9)	Japan	Special gas sales	SK Materials Co., Ltd.	95.00%
SK Materials Taiwan Co., Ltd. (*9)	Taiwan	Special gas sales	SK Materials Co., Ltd.	100.00%
SK Materials (Jiangsu) Co., Ltd. (*9)	China	Special gas manufacturing and sales	SK Materials Co., Ltd.	100.00%

1. CORPORATE INFORMATION (CONTINUED)

Subsidiary	Domicile	Principal business activity	The largest shareholders	Equity ownership (*1)
SK Materials (Xian) Co., Ltd. (*9)	China	Trading business and warehouse operation	SK Materials Co., Ltd.	100.00%
SK Infosec Co., Ltd.	Korea	Information security service	SK Holdings Co., Ltd.	99.38%
SK ENCARSALES.COM., Ltd.	Korea	On-line used car sales and others	SK Holdings Co., Ltd.	50.01%
SK C&C Beijing Co., Ltd.	China	Consulting for computer system integration	SK Holdings Co., Ltd.	100.00%
SK C&C Chengdu Co., Ltd.	China	Consulting for computer system integration	SK C&C Beijing Co., Ltd.	100.00%
SK C&C India Pvt. Ltd.	India	Consulting for computer system integration	SK C&C Beijing Co., Ltd.	100.00%
SK MENA B.V.	Netherlands	Business investment in Middle East and North Africa	SK Holdings Co., Ltd.	100.00%
SK S.E.Asia Pte. Ltd.	Singapore	Business investment in Southeast Asia	SK Holdings Co., Ltd.	100.00%
ESSENCORE Limited	Hong Kong	Manufacturing and distribution of semiconductors modules	SK S.E. Asia Pte. Ltd.	100.00%
ISD Technology (Shen Zhen) Limited	China	Consulting for computer system integration	ESSENCORE Limited	100.00%
S&G Technology	Saudi Arabia	Consulting for computer system integration	SK Holdings Co., Ltd.	51.00%
SK Biopharmaceuticals Co., Ltd.	Korea	Medicine and life science	SK Holdings Co., Ltd.	100.00%
SK Biotek Co., Ltd.	Korea	Drug Medicine	SK Holdings Co., Ltd.	100.00%
SK Life Science, Inc.	USA	Life science	SK Biopharmaceuticals Co., Ltd.	100.00%
SK China Company, Ltd.	Hong Kong	Consulting and investment	SK Holdings Co., Ltd.	100.00%
SK China (Beijing) Co., Ltd.	China	Consulting	SK China Company, Ltd.	100.00%
SK Beijing Investment Management Limited	China	Real estate fund management	SK China (Beijing) Co., Ltd.	100.00%
SKY Property Mgmt (Beijing) Co., Ltd.	China	Real estate management	SK China Company, Ltd.	100.00%
SK Bio Energy Hong Kong Co., Ltd.	Hong Kong	Biomass electricity generation	SK China Company, Ltd.	69.40%
SK Property Investment Management Co., Ltd.	Hong Kong	Real estate investment	SK China Company, Ltd.	100.00%
SK Industrial Development China Co., Ltd.	Hong Kong	Investment	SK Property Investment Management Co., Ltd.	100.00%
Shanghai SKY Real Estate Development Co., Ltd.	China	Real estate investment	SK Industrial Development China Co., Ltd.	100.00%
SK International Supply Chain Management Co., Ltd.	Hong Kong	Distribution	SK China Company, Ltd.	100.00%
Ningde Sky Beverage Co., Ltd.	China	Mineral water development	SK International Supply Chain Management Co., Ltd.	80.00%
SK China Investment Management Co., Ltd.	Hong Kong	Real estate investment	SK China Company, Ltd.	100.00%
SK International Agro-Products Logistics Development Co., Ltd.	Hong Kong	Agriculture product logistics	SK China Investment Management Co., Ltd.	100.00%
SKY Property Management Ltd.	Virgin islands	Investment	SK Telecom Co., Ltd.	85.00%
SKY Investment Co., Ltd.	China	Real estate management	SKY Property Management Ltd.	100.00%
SK China Real Estate Co., Ltd.	Hong Kong	Real estate investment	SKY Property Management Ltd.	100.00%
SK China Creative Industry Development Co., Ltd.	China	Service	SKY Property Management Ltd.	100.00%
Gemini Partners Pte. Ltd.	Singapore	Consulting	SK Holdings Co., Ltd., SK Innovation Co., Ltd., SK Telecom Co., Ltd., and SK E&S Co., Ltd.	80.00%
Solaris Partners Pte. Ltd.	Singapore	Consulting	Gemini Partners Pte. Ltd.	100.00%
Beijing SK Magellan Capital Advisors Co., Ltd.	China	Investment consulting	Solaris Partners Pte. Ltd.	100.00%
SK GI Management	Cayman	Investment	SK Holdings Co., Ltd.	100.00%
SK MENA Investment B.V.	Netherlands	Investment	SK Telecom Co., Ltd.	100.00%
SK Latin Americas S.A.	Spain	Investment	SK Telecom Co., Ltd.	100.00%
Fitech Sector Limited Partnership IV	Korea	Investment fund	SK Planet Co., Ltd.	98.90%
The Contents Company Co., Ltd.	Korea	Software development and supply	Fitech Focus Limited Partnership IV	100.00%
Candle Media Co., Ltd.	Korea	Film and video producing	Open Innovation Fund	60.18%
SK Technology Innovation Company	Cayman	Research and development	SK Telecom Co., Ltd.	96.88%
Happynarae Co., Ltd.	Korea	Wholesale and retail sale service	SK Telecom Co., Ltd.	90.00%
Suzhou Happynarae Co., Ltd.	China	Electrical and machine equipment	Happynarae Co., Ltd.	100.00%
SK Forest Co., Ltd.	Korea	Landscaping and planting business	SK Holdings Co., Ltd.	100.00%

1. CORPORATE INFORMATION (CONTINUED)

- (*1) The equity ownership is based on ordinary shares and includes indirect investments held by consolidated subsidiaries.
- (*2) SK Innovation Co., Ltd. and others were included in the consolidated financial statements as the Company is able to exercise de facto control. The remaining voting rights of SK Innovation Co., Ltd. and nine other companies are widely dispersed, and the Company's voting rights are sufficient to give it power.
- (*3) The Group owns 100% of the ordinary shares, but holds as 68.0% equity ownership, considering the issuance of its preferred shares (6,826,483 shares) having voting rights.
- (*4) The equity ownership of Neos Networks Co., Ltd., and SKC (Jiangsu) High tech Plastics Co., Ltd. are 100% and 91.5%, respectively, due to a shareholders' agreement, which gives contractual rights to the non-controlling ownership.
- (*5) During the current reporting period, the Group acquired the remaining equity interest in shopkick Management Company, Inc.
- (*6) SK Liaoning Construction Co., Ltd. was included in the consolidated financial statements as the Group has control through the shareholders' agreement.
- (*7) Assets and liabilities of Daiyang SK Networks SAN. VE TIC. Ltd. STI are classified as asset and liabilities held for sale, respectively (see Note 27 Asset held for sale and related liabilities).
- (*8) The 61 consolidated restructuring entities were included in the consolidated financial statements. Regarding the terms of agreement, which are based on establishment of these entities, the Group substantially receives all of the returns related to their operations and net assets, and has the ability to direct these entities' activities in a way that most significantly affects these returns.
- (*9) During the current reporting period, the Group acquired 49.1% of SK Materials Co., Ltd. and subsequently, classified SK Materials Co., Ltd. and its four subsidiaries as the Group's subsidiaries (see Note 33 Business combination).

c. Changes in consolidated subsidiaries

Changes in consolidated subsidiaries for the three months ended March 31, 2016 are as follows:

December 31, 2015	Inclusion	Exclusion	March 31, 2016
277	7	4	280

For the three months ended March 31, 2016, subsidiaries newly included in consolidation are as follows:

Subsidiary	Reasons for changes
SK Materials Co., Ltd. and 4 other companies	Acquisition (5 companies)
SK techx Co., Ltd. and One store Co., Ltd.	Newly established (2 companies)

For the three months ended March 31, 2016, subsidiaries excluded from consolidation are as follows:

Subsidiary	Reasons for changes
SK Continental E-motion Pte. Ltd. and Wine Networks, Ltd.	Liquidation (2 companies)
Commerce Planet Co., Ltd. and SKC Lighting Co., Ltd.	Merger (2 companies)

1. CORPORATE INFORMATION (CONTINUED)

d. Condensed financial information of significant consolidated subsidiaries

Details of condensed financial information of significant subsidiaries as at and for the three months ended March 31, 2016 are as follows (Korean won in millions):

Subsidiary	Total assets	Total liabilities	Sales	Net income (loss)
SK Innovation Co., Ltd.	₩14,396,384	₩ 1,799,343	₩ 398,239	₩ 56,645
SK Energy Co., Ltd.	11,869,312	6,575,170	5,326,087	354,653
SK Global Chemical Co., Ltd.	5,548,563	2,215,893	2,217,519	154,396
SK Global Chemical International Trading (Shanghai) Co., Ltd.	166,613	76,625	215,922	2,451
SK Incheon Petrochem Co., Ltd.	5,071,396	2,753,634	1,269,381	78,557
SK Trading International Co., Ltd.	1,472,657	748,400	678,328	35,152
SK Shanghai Asphalt Co., Ltd.	12,831	4,730	5,654	(30)
Ningbo SK Performance Rubber Co., Ltd.	232,295	158,829	9,079	(7,298)
SK Global Chemical Japan Co., Ltd.	20,801	14,500	41,133	(93)
SK Energy International Pte. Ltd.	1,679,776	1,100,850	3,492,743	(5,345)
SK Global Chemical Investment Hong Kong Ltd.	270,990	170,471	-	27
SK Innovation Insurance (Bermuda), Ltd.	64,471	3,196	1,120	1,304
SK E&P America, Inc.	467,192	-	-	(60)
SK Permian, LLC	17,810	1,619	881	(249)
SK Energy Europe, Ltd.	378,185	254,787	1,330,070	(9,355)
SK Energy Americas, Inc.	107,915	39,575	162,896	876
SK Lubricants Co., Ltd.	2,193,261	1,040,715	517,557	86,651
SK Lubricants Americas, Inc.	190,770	144,228	118,056	3,125
SK Lubricants Europe B.V.	164,976	156,891	130,106	3,171
Iberian Lube Base Oils S.A.	437,119	189,201	70,129	2,072
SK Telecom Co., Ltd.	23,119,954	9,565,120	3,098,261	382,207
SK Telink Co., Ltd.	318,207	113,185	103,133	12,661
SK Broadband Co., Ltd.	3,274,461	2,149,182	705,879	3,199
PS&Marketing Corp.	531,337	322,949	400,745	(830)
SK Planet Co., Ltd. (*1)	2,183,151	770,487	356,602	256,124
SK Networks Co., Ltd.	7,634,839	5,209,095	4,319,906	9,056
SK Networks (Shanghai) Co., Ltd.	89,401	63,233	100,894	763
SKC Co., Ltd.	2,663,064	1,163,691	356,544	24,827
SKC, Inc.	411,053	281,868	74,329	(2,549)
SK Shipping Co., Ltd.	4,138,169	3,508,676	314,637	5,608
SK B&T Pte. Ltd.	190,997	54,126	143,579	4,003
SK E&S Co., Ltd.	3,642,033	1,479,127	169,631	32,615
Yeongnam energy service Co., Ltd.	359,320	182,792	213,608	10,746
Ko-one energy service Co., Ltd.	761,566	391,164	456,273	13,616
Pusan City Gas Co., Ltd.	835,816	320,475	366,690	21,097
Chungcheong Energy Service Co., Ltd.	258,348	154,183	158,560	7,397
PMP Co., Ltd.	1,249,172	535,616	-	(801)
Wirye energy service Co., Ltd.	579,524	351,068	3,057	(1,803)
Narae energy service Co., Ltd.	813,555	627,274	96,251	5,728
SK E&S Americas, Inc.	417,166	1,228	-	(1,504)
SK Engineering & Construction Co., Ltd.	5,835,822	4,832,246	1,673,761	17,673
Sunlake Co., Ltd.	109,798	81,575	204,321	11,446
SK China Company, Ltd.	465,638	5,862	5,406	16,676
SKY Property Management Ltd. (*2)	840,628	243,956	19,885	51,460

1. CORPORATE INFORMATION (CONTINUED)

Subsidiary	Total assets	Total liabilities	Sales	Net income (loss)
ESSENCORE Limited (*2)	₩ 123,475	₩ 69,866	₩ 124,964	₩ 3,791
SK Materials Co., Ltd. (*2, 3)	693,844	320,110	34,270	2,071

(*1) During the current reporting period, SK Planet Co., Ltd. merged Commerce Planet Co., Ltd., and condensed financial information of SK Planet Co., Ltd. includes profit or loss of Commerce Planet Co., Ltd. prior to the merger.

(*2) The condensed financial information is consolidated financial information.

(*3) Sales and net income are the amounts occurring after business combination.

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e. Disclosure of significant non-controlling interests in subsidiaries

Information about significant non-controlling interests in subsidiaries as at and for the three months ended March 31, 2016 is as follows (Korean won in millions):

Segment	As at and for the three months ended March 31, 2016						
	SK Innovation Co., Ltd.	SK Telecom Co., Ltd.	SK Networks Co., Ltd.	SKC Co., Ltd.	SK Shipping Co., Ltd.	SK E&S Co., Ltd.	SK Engineering & Construction Co., Ltd.
Percentage of the non-controlling interests	66.86%	71.16%	60.88%	57.93%	16.92%	-	53.79%
Current assets	₩13,624,476	₩ 5,805,802	₩ 3,812,801	₩ 903,287	₩ 610,087	₩1,143,007	₩ 4,218,295
Non-current assets	18,163,551	22,684,573	4,291,478	2,759,773	4,049,694	6,076,041	1,713,220
Current liabilities	7,939,842	5,355,129	4,163,257	973,758	1,339,506	1,641,587	4,024,037
Non-current liabilities	6,703,509	8,020,060	1,448,264	1,130,737	2,807,687	2,705,867	1,152,262
Net assets	17,144,676	15,115,186	2,492,758	1,558,565	512,588	2,871,594	755,216
Book value of the non-controlling interests	11,983,178	10,531,337	1,729,948	969,364	190,475	1,114,237	557,331
Sales	9,458,197	4,228,463	4,548,225	586,234	436,492	1,599,627	1,885,734
Net income	566,299	572,298	532	26,644	8,160	91,100	23,869
Total comprehensive income (loss)	542,708	380,120	(1,450)	31,732	(3,252)	73,669	(9,823)
Net income (loss) of the non-controlling interests	365,124	218,932	(659)	10,826	229	(5,258)	5,098
Total comprehensive income (loss) of the non-controlling interests	374,532	240,002	(2,261)	17,552	2,916	12,607	(11,077)
Net cash flows from operating activities	1,289,222	673,590	113,224	47,548	45,531	166,443	(170,239)
Net cash flows from investing activities	(467,818)	(451,286)	27,591	(18,535)	(104,550)	(180,262)	(64,798)
Net cash flows from financing activities before dividends paid to the non-controlling interests	(48,707)	(229,932)	(57,404)	(13,877)	50,648	93,109	46,289
Dividends paid to the non-controlling interests	-	-	-	-	(1,506)	(5,945)	-
Net increase (decrease) in cash and cash equivalents	772,697	(7,628)	83,411	15,136	(9,877)	73,345	(188,748)

The above-mentioned condensed financial information is consolidated financial information of each subsidiary, and non-controlling interests include hybrid bond.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

The Group prepares statutory interim condensed consolidated financial statements in the Korean language in accordance with KIFRS 1034 Interim Financial Reporting enacted by the Act on External Audit of Stock Companies. The accompanying interim condensed consolidated financial statements have been translated into English from the Korean language financial statements. In the event of any differences in interpreting the financial statements or the independent auditors' review report thereon, the Korean version, which used for regulatory reporting purposes, shall prevail.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

The accompanying interim condensed consolidated financial statements are stated in Korean won, the currency of the country in which the Company is incorporated and operates. The translation of Korean won amounts into U.S. dollar amounts is included solely for the convenience of readers of the interim condensed consolidated financial statements and has been made at the rate of ₩1,153.50 to USD 1.00, the basic exchange rate in the Seoul Money Brokerage Service for cable transfers in Korean won on the last business day of the three months ended March 31, 2016. Such translations into U.S. dollars should not be construed as representations that the Korean won amounts could be converted into U.S. dollars at that or any other rate.

b. Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and interpretations effective as at January 1, 2016.

1) New and revised KIFRSs adopted in the current period

The Group has applied amendment to KIFRS issued that are mandatorily effective for accounting periods beginning on or after January 1, 2016.

Amendments to KIFRS 1001 – Presentation of Financial Statements

The amendments clarify materiality and aggregation, and the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss, the order presenting the notes to financial statements, and the presentation of other comprehensive income of associates and joint ventures accounted for using the equity method.

Amendments to KIFRS 1016 – Property, Plant and Equipment

The amendments clarify the principle in KIFRS 1016 that revenue-based depreciation method cannot be used to depreciate property, plant and equipment.

Amendments to KIFRS 1038 – Intangible Assets

The amendments clarify the principle in KIFRS 1038 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method may only be used in very limited circumstances to amortize intangible assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amendments to KIFRS 1110, KIFRS 1112 and KIFRS 1028 – Investment Entities

The amendments allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries. The amendments apply prospectively for annual periods beginning on or after January 1, 2016.

Amendments to KIFRS 1111 – Accounting for Acquisitions of Interests in Joint Operations

The amendments provide guidance on how to account for the acquisition of a joint operation that constitutes a business, as defined in KIFRS 1103 Business Combinations. A joint operator is also required to disclose the relevant information required by KIFRS 1103 and other standards for business combinations.

The adoption of the above amendments does not have a material impact on the Group's financial position and financial performance.

2) New and revised KIFRS issued, but not yet effective

The Group has not applied the following new and revised KIFRS that have been issued, but are not yet effective.

KIFRS 1109 – Financial Instruments

KIFRS 1109 introduces classification and measurement based on both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, the expected credit loss model. Furthermore, KIFRS 1109 expands qualified hedged items and hedging instruments for hedge accounting and changes manners of effectiveness assessment. KIFRS 1109 replaces KIFRS 1039 Financial Instruments: Recognition and Measurement, which is effective for annual periods beginning on or after January 1, 2018.

KIFRS 1115 Revenue from Contracts with Customers

Under KIFRS 1115, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under KIFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after January 1, 2018.

3) Reclassification of comparative information

The Group reclassified certain accounts previously reported in the interim condensed consolidated financial statements in accordance with current interim condensed consolidated financial statements to ensure comparability. Such reclassifications have no effect on the Group's net income and net assets as previously reported.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

When preparing the interim condensed consolidated financial statements, management is required to make judgments, estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses. Actual results may be different from those estimates.

Those accounting judgments made by management in the preparation of the interim condensed consolidated financial statements for the three months ended March 31, 2016, are consistent with those followed in the preparation of consolidated financial statements for the year ended December 31, 2015.

4. OPERATING SEGMENTS

(1) Overview of operating segments

The Group makes decisions on resources to be allocated to business segments and divides the business segments based on the internal reports which the chief operating decision maker periodically reviews to evaluate the performances of the sales segments. Details of each segment operations as at March 31, 2016 are as follows:

Operating segments	Business
SK Innovation Co., Ltd.	Refining, chemical and resources development
SK Telecom Co., Ltd.	Telecommunication
SK Networks Co., Ltd.	Network, information communication, trade and energy marketing
SKC Co., Ltd.	Chemical, film and information communication
SK Shipping Co., Ltd.	Sea transportation, ocean bunkering and others
SK E&S Co., Ltd.	Gas and energy
SK Engineering & Construction Co., Ltd.	Civil engineering, housing, plant and others
Others	IT services, security service, special gas manufacturing and sale, medicine and life science and others

(2) Details of financial information for each operating segment as at and for the three months ended March 31, 2016 and 2015 are as follows (Korean won in billions):

	As at and for the three months ended March 31, 2016																		
	SK Innovation Co., Ltd.		SK Telecom Co., Ltd.		SK Networks Co., Ltd.		SKC Co., Ltd.		SK Shipping Co., Ltd.		SK E&S Co., Ltd.		SK Engineering & Construction Co., Ltd.		Others		Consolidation adjustments (*1)		Total
	₩	₩	₩	₩	₩	₩	₩	₩	₩	₩	₩	₩	₩	₩	₩	₩	₩	₩	
Total sales	₩ 9,458	₩ 4,228	₩ 4,548	₩ 586	₩ 436	₩ 1,600	₩ 1,886	₩ 1,481	₩ (3,549)	₩ 20,674									
Internal sales	(1,057)	(16)	(1,268)	(82)	(101)	(19)	(128)	(878)	3,549	-									
Net sales	8,401	4,213	3,280	504	335	1,581	1,758	602	-	20,674									
Net income before income taxes	740	736	3	43	9	118	29	745	(994)	1,429									
Net income	566	572	1	27	8	91	24	700	(926)	1,063									
Total assets	31,788	28,490	8,104	3,663	4,660	7,219	5,932	22,383	(14,460)	97,779									
Total liabilities	14,643	13,375	5,612	2,104	4,147	4,347	5,176	7,530	465	57,399									
Depreciation	200	588	38	32	37	48	17	20	4	984									
Amortization	27	161	3	1	1	2	2	4	78	279									

4. OPERATING SEGMENTS (CONTINUED)

	As at and for the three months ended March 31, 2015				
	IT service	Security service	Distribution and others	Consolidation adjustments (*1)	Total
Total sales	₩ 317	₩ 21	₩ 309	₩ (6)	₩ 641
Internal sales	(4)	(1)	(1)	6	-
Net sales	313	19	309	-	641
Operating income	54	2	21	-	77
Total assets	5,125	45	304	(13)	5,461
Total liabilities	2,602	12	158	(13)	2,759

(*1) Consolidation adjustments of the parent company.

(3) Details of financial information by geographical location as at and for the three months ended March 31, 2016 and 2015 (Korean won in billions):

	As at and for the three months ended March 31, 2016							
	Korea	Asia	Europe	North America	South America	Others	Consolidation adjustments	Total
Total sales	₩ 25,178	₩ 4,672	₩ 1,597	₩ 678	₩ -	₩ 26	₩ (11,477)	₩ 20,674
Operation income	2,352	4	(16)	9	-	14	(850)	1,513
Income (loss) before income taxes	2,554	29	(13)	5	-	49	(1,195)	1,429
Net income (loss)	2,131	16	(13)	(1)	-	49	(1,119)	1,063
Total assets	121,412	6,089	1,472	2,834	274	1,461	(35,763)	97,779
Total liabilities	55,559	2,686	1,000	784	238	451	(3,319)	57,399

	As at and for the three months ended March 31, 2015					
	Korea	Asia	North America	Others	Consolidation adjustments	Total
Total sales	₩ 494	₩ 7	₩ 2	₩ 144	₩ (6)	₩ 641
Non-current assets (*1)	662	2	-	1	-	665

(*1) Significant non-current assets consist of tangible and intangible assets at book value as at March 31, 2015.

5. FINANCIAL INSTRUMENTS

(1) Financial assets

Details of financial assets as at March 31, 2016 and December 31, 2015 are as follows (Korean won in millions):

	March 31, 2016					
	Financial assets at fair value through profit or loss	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Financial assets designated as hedging instruments	Total
Current assets:						
Cash and cash equivalents	₩ -	₩ -	₩ 7,965,624	₩ -	₩ -	₩ 7,965,624
Short-term financial instruments	-	-	3,320,874	-	-	3,320,874
Trade accounts receivable (*1)	-	-	8,871,235	-	-	8,871,235
Other accounts receivable	-	-	1,910,228	-	-	1,910,228
Short-term loans	-	-	278,624	-	-	278,624
Accrued income	-	-	60,356	-	-	60,356
Available-for-sale financial assets	-	-	-	210,643	-	210,643
Held-to-maturity investments	-	30	-	-	-	30
Guarantee deposits	-	-	145,906	-	-	145,906
Derivative financial assets	97,686	-	-	-	125,042	222,728
Finance lease receivables	-	-	73,357	-	-	73,357
Sub-total	<u>97,686</u>	<u>30</u>	<u>22,626,204</u>	<u>210,643</u>	<u>125,042</u>	<u>23,059,605</u>
Non-current assets:						
Long-term financial instruments	-	-	251,218	-	-	251,218
Long-term trade accounts receivable	-	-	36,275	-	-	36,275
Long-term other accounts receivable	-	-	107,652	-	-	107,652
Long-term loans	-	-	266,235	-	-	266,235
Available-for-sale financial assets	-	-	-	1,780,969	-	1,780,969
Held-to-maturity investments	-	915	-	-	-	915
Guarantee deposits	-	-	671,202	-	-	671,202
Derivative financial assets	15,525	-	-	-	124,985	140,510
Finance lease receivables	-	-	321,286	-	-	321,286
Sub-total	<u>15,525</u>	<u>915</u>	<u>1,653,868</u>	<u>1,780,969</u>	<u>124,985</u>	<u>3,576,262</u>
Total	<u>₩ 113,211</u>	<u>₩ 945</u>	<u>₩ 24,280,072</u>	<u>₩ 1,991,612</u>	<u>₩ 250,027</u>	<u>₩ 26,635,867</u>

5. FINANCIAL INSTRUMENTS (CONTINUED)

	December 31, 2015					
	Financial assets at fair value through profit or loss	Held-to- maturity investments	Loans and receivables	Available-for- sale financial assets	Financial assets designated as hedging instruments	Total
Current assets:						
Cash and cash equivalents	₩ -	₩ -	₩ 6,995,224	₩ -	₩ -	₩ 6,995,224
Short-term financial instruments	-	-	2,741,181	-	-	2,741,181
Trade accounts receivable (*1)	-	-	9,181,330	-	-	9,181,330
Other accounts receivable	-	-	1,654,688	-	-	1,654,688
Short-term loans	-	-	252,541	-	-	252,541
Accrued income	-	-	51,198	-	-	51,198
Available-for-sale financial assets	-	-	-	153,340	-	153,340
Held-to-maturity investments	-	45	-	-	-	45
Guarantee deposits	-	-	187,958	-	-	187,958
Derivative financial assets	84,897	-	-	-	187,319	272,216
Finance lease receivables	-	-	74,107	-	-	74,107
Sub-total	<u>84,897</u>	<u>45</u>	<u>21,138,227</u>	<u>153,340</u>	<u>187,319</u>	<u>21,563,828</u>
Non-current assets:						
Long-term financial instruments	₩ -	₩ -	₩ 212,987	₩ -	₩ -	₩ 212,987
Long-term trade accounts receivable	-	-	45,251	-	-	45,251
Long-term other accounts receivable	-	-	117,161	-	-	117,161
Long-term loans	-	-	239,397	-	-	239,397
Available-for-sale financial assets	-	-	-	1,906,664	-	1,906,664
Held-to-maturity investments	-	915	-	-	-	915
Guarantee deposits	-	-	624,592	-	-	624,592
Derivative financial assets	30,817	-	-	-	166,748	197,565
Finance lease receivables	-	-	345,545	-	-	345,545
Sub-total	<u>30,817</u>	<u>915</u>	<u>1,584,933</u>	<u>1,906,664</u>	<u>166,748</u>	<u>3,690,077</u>
Total	<u>₩ 115,714</u>	<u>₩ 960</u>	<u>₩ 22,723,160</u>	<u>₩ 2,060,004</u>	<u>₩ 354,067</u>	<u>₩ 25,253,905</u>

(*1) Unbilled receivables amounting to ₩1,052,019 million and ₩996,576 million as at March 31, 2016 and December 31, 2015, respectively, are not included in the financial instruments.

5. FINANCIAL INSTRUMENTS (CONTINUED)

(2) Financial liabilities

Details of financial liabilities as at March 31, 2016 and December 31, 2015 are as follows (Korean won in millions):

	March 31, 2016			
	Financial liabilities at fair value through profit or loss	Other financial liabilities	Financial liabilities designated as hedging instruments	Total
Current liabilities:				
Short-term borrowings	₩ -	₩ 3,400,342	₩ -	₩ 3,400,342
Trade accounts payable	-	6,901,527	-	6,901,527
Other accounts payable	-	2,295,587	-	2,295,587
Current portion of long-term debt	-	4,811,023	-	4,811,023
Accrued expenses	-	2,102,242	-	2,102,242
Dividends payable	-	963,553	-	963,553
Leasehold deposits received	-	120,243	-	120,243
Derivative financial liabilities	43,496	-	47,194	90,690
Finance lease liabilities	-	1,691	-	1,691
Financial guarantee liabilities	-	5,168	-	5,168
Sub-total	<u>43,496</u>	<u>20,601,376</u>	<u>47,194</u>	<u>20,692,066</u>
Non-current liabilities:				
Bonds payable and long-term borrowings	155,930	23,985,579	-	24,141,509
Long-term other accounts payable	-	2,852,161	-	2,852,161
Leasehold deposits received	-	209,105	-	209,105
Derivative financial liabilities	17,301	-	102,009	119,310
Finance lease liabilities	-	3,090	-	3,090
Financial guarantee liabilities	-	15,484	-	15,484
Sub-total	<u>173,231</u>	<u>27,065,419</u>	<u>102,009</u>	<u>27,340,659</u>
Total	<u>₩ 216,727</u>	<u>₩ 47,666,795</u>	<u>₩ 149,203</u>	<u>₩ 48,032,725</u>
December 31, 2015				
	Financial liabilities at fair value through profit or loss	Other financial liabilities	Financial liabilities designated as hedging instruments	Total
Current liabilities:				
Short-term borrowings	₩ -	₩ 2,726,701	₩ -	₩ 2,726,701
Trade accounts payable	-	7,430,851	-	7,430,851
Other accounts payable	-	2,392,058	-	2,392,058
Current portion of long-term debt	-	5,493,380	-	5,493,380
Accrued expenses	-	2,563,103	-	2,563,103
Dividends payable	-	2,369	-	2,369
Leasehold deposits received	-	135,830	-	135,830
Derivative financial liabilities	19,116	-	83,255	102,371
Finance lease liabilities	-	1,756	-	1,756
Sub-total	<u>19,116</u>	<u>20,746,048</u>	<u>83,255</u>	<u>20,848,419</u>
Non-current liabilities:				
Bonds payable and long-term borrowings	155,704	23,340,599	-	23,496,303
Long-term other accounts payable	-	3,034,627	-	3,034,627
Leasehold deposits received	-	247,265	-	247,265
Derivative financial liabilities	17,381	-	120,322	137,703
Finance lease liabilities	-	3,603	-	3,603
Financial guarantee liabilities	-	12,076	-	12,076
Sub-total	<u>173,085</u>	<u>26,638,170</u>	<u>120,322</u>	<u>26,931,577</u>
Total	<u>₩ 192,201</u>	<u>₩ 47,384,218</u>	<u>₩ 203,577</u>	<u>₩ 47,779,996</u>

5. FINANCIAL INSTRUMENTS (CONTINUED)

(3) Fair values of financial instruments by hierarchy level

1) Fair values and book values of financial instruments as at March 31, 2016 and December 31, 2015 are as follows (Korean won in millions):

	March 31, 2016		December 31, 2015	
	Book value	Fair value	Book value	Fair value
Bonds payable	₩ 24,820,898	₩ 25,557,139	₩ 24,739,685	₩ 24,353,528
Borrowings	7,531,976	7,532,743	6,976,699	6,879,976

The fair value of bonds payable and borrowings was measured as the present value of the contractually determined stream of future cash flows discounted at the market interest rate (1.64%~4.01%) regarding residual market risks. As the book value of other financial assets and other financial liabilities are reasonable approximations to fair values, the fair values have not been disclosed.

2) The Group categorized financial instruments measured at fair value based on the inputs to measure the fair value. The level of hierarchy of fair value is as follows:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs are unobservable inputs for the asset or liability.

3) Details of fair values of financial instruments by hierarchy level as at March 31, 2016 and December 31, 2015 are as follows (Korean won in millions):

	March 31, 2016			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss	₩ -	₩ 113,211	₩ -	₩ 113,211
Available-for-sale financial assets (*1)	985,321	99,024	95,599	1,179,944
Financial assets designated as hedging instruments	-	250,027	-	250,027
Total	<u>₩ 985,321</u>	<u>₩ 462,262</u>	<u>₩ 95,599</u>	<u>₩ 1,543,182</u>
Financial liabilities:				
Financial liabilities at fair value through profit or loss	₩ -	₩ 216,727	₩ -	₩ 216,727
Financial liabilities designated as hedging instruments	-	149,203	-	149,203
Total	<u>₩ -</u>	<u>₩ 365,930</u>	<u>₩ -</u>	<u>₩ 365,930</u>

5. FINANCIAL INSTRUMENTS (CONTINUED)

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss	₩ -	₩ 115,714	₩ -	₩ 115,714
Available-for-sale financial assets (*1)	1,120,710	99,449	143,245	1,363,404
Financial assets designated as hedging instruments	-	354,067	-	354,067
Total	<u>₩ 1,120,710</u>	<u>₩ 569,230</u>	<u>₩ 143,245</u>	<u>₩ 1,833,185</u>
Financial liabilities:				
Financial liabilities at fair value through profit or loss	₩ -	₩ 192,201	₩ -	₩ 192,201
Financial liabilities designated as hedging instruments	-	203,577	-	203,577
Total	<u>₩ -</u>	<u>₩ 395,778</u>	<u>₩ -</u>	<u>₩ 395,778</u>

(*1) This does not include available-for-sale financial assets, which are measured at cost because their fair values could not be reliably measured.

6. TRADE ACCOUNTS RECEIVABLE

Details of trade accounts receivable as at March 31, 2016 and December 31, 2015 are as follows (Korean won in millions):

	March 31, 2016		December 31, 2015	
	Current	Non-current	Current	Non-current
Trade accounts receivable:				
Trade accounts receivable	₩ 9,280,750	₩ 36,494	₩ 9,566,866	₩ 45,604
Unbilled receivables	1,052,019	-	996,576	-
Allowance for doubtful accounts:				
Trade accounts receivable	(409,515)	(219)	(385,536)	(353)
Total	<u>₩ 9,923,254</u>	<u>₩ 36,275</u>	<u>₩ 10,177,906</u>	<u>₩ 45,251</u>

7. INVENTORIES

Details of inventories as at March 31, 2016 and December 31, 2015 are as follows (Korean won in millions):

	March 31, 2016			December 31, 2015		
	Cost	Valuation allowance	Book value	Cost	Valuation allowance	Book value
Merchandise	₩ 1,322,944	₩ (21,910)	₩ 1,301,034	₩ 1,451,636	₩ (28,436)	₩ 1,423,200
Finished goods	1,435,175	(19,540)	1,415,635	1,524,102	(44,177)	1,479,925
Semi-finished goods and work in progress	473,782	(11,692)	462,090	534,334	(13,652)	520,682
Raw materials and sub materials	908,007	(8,235)	899,772	952,933	(42,417)	910,516
Materials in transit	1,050,632	-	1,050,632	1,091,947	-	1,091,947
Supplies	196,964	(238)	196,726	196,780	(366)	196,414
Uncompleted contracts	6,504	-	6,504	7,434	-	7,434
Others	13,567	-	13,567	13,209	-	13,209
Total	₩ 5,407,575	₩ (61,615)	₩ 5,345,960	₩ 5,772,375	₩ (129,048)	₩ 5,643,327

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Details of available-for-sale financial assets as at March 31, 2016 and December 31, 2015 are as follows (Korean won in millions):

	March 31, 2016	December 31, 2015
Marketable equity instruments	₩ 985,321	₩ 1,120,710
Non-marketable equity instruments	569,872	781,194
Corporate and government bonds	49,834	51,736
Others (*1)	386,585	106,364
Total	₩ 1,991,612	₩ 2,060,004
Current available-for-sale financial assets	₩ 210,643	₩ 153,340
Non-current available-for-sale financial assets	1,780,969	1,906,664

(*1) Include beneficiary certificates

9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

(1) Investments in associates and joint ventures

Details of investments in associates and joint ventures as at March 31, 2016 and December 31, 2015 are as follows (Korean won in millions):

Company	Domicile	Equity ownership (*1)	March 31, 2016		December 31, 2015
			Acquisition cost	Book value	Book value
Associates:					
SK Hynix Inc.	Korea	20.1%	₩ 5,420,310	₩ 5,593,897	₩ 5,602,620
China Gas Holdings Ltd. (*2)	Hong Kong	15.7%	1,591,757	1,641,299	1,647,330
Daehan Oil Pipeline Corporation	Korea	41.0%	311,372	314,236	313,694
Peru LNG Company, LLC	Peru	20.0%	317,469	292,426	297,965
Korea IT Fund (*3)	Korea	63.3%	242,170	259,905	260,456
Hana Card Co., Ltd. (*2)	Korea	15.0%	253,707	254,962	254,177
Yemen LNG Company Ltd. (*2)	Yemen	6.9%	252,813	226,605	235,216
SK TNS Co., Ltd.	Korea	50.0%	160,000	163,374	165,376
Springvale SK Kores Pty. Ltd.	Australia	50.0%	115,599	108,661	105,916
Eurasia Tunnel	Turkey	37.3%	77,306	78,079	81,153
Korea Ras Laffan LNG Limited (*2)	Bermuda	8.0%	65,435	80,985	77,416
NanoEnTek, Inc.	Korea	28.6%	68,996	65,876	68,150
SOCAR, Inc. (*4)	Korea	20.0%	58,860	58,332	-
SKC Haas Display film Pty. Ltd.	Korea	49.0%	48,196	58,747	56,278
TSK Water Co., Ltd.	Korea	25.0%	45,811	50,410	48,881
Korea LNG Limited (*2)	Bermuda	16.0%	64,071	44,204	41,556
Xe-Pian Xe-Namnoy Power Company	Laos	26.0%	37,834	32,454	36,094
SKC Evonik Peroxide Korea Co., Ltd.	Korea	45.0%	27,548	27,176	27,538
Xian Tianlong Science and Technology Co., Ltd.	China	49.0%	24,620	26,169	25,767
Horizon Singapore Terminals Private Limited (*2)	Singapore	15.0%	28,153	27,537	25,170
Shaw SKE&C Middle East Ltd.	UAE	41.0%	22,091	27,159	24,950
Beijing BESK Technology Co., Ltd.	China	40.0%	23,290	22,356	23,004
FSK Holdings Co., Ltd.	Hong Kong	30.0%	11,937	12,752	22,578
SSV contents fund	Korea	46.6%	18,374	17,574	17,619
Oilhub Korea Yeosu Co., Ltd. (*2)	Korea	11.0%	16,836	18,014	17,272
Busan Green Energy Co., Ltd.	Korea	28.5%	14,279	14,085	14,262
Zhejiang Shenxin SK Packaging Co., Ltd.	China	50.0%	13,654	14,049	14,049
UNISK (Beijing) Information Technology Co., Ltd.	China	49.0%	11,002	12,102	11,675
SBS Golf Co., Ltd.	Korea	21.4%	3,300	9,679	9,862
Inter Vest New Growth Fund	Korea	30.0%	9,008	5,302	5,302
Troika Resources Investment Fund (*2)	Korea	10.1%	18,430	4,271	4,271
Others				120,422	142,341
Sub-total				9,683,099	9,677,938

9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

Company	Domicile	March 31, 2016			December 31, 2015	
		Equity ownership (*1)	Acquisition cost	Book value	Book value	Book value
Joint ventures (*5):						
Sinopec-SK (Wuhan) Petrochemical Co., Ltd.	China	35.0%	₩ 488,809	₩ 509,750	₩ 508,826	
Mitsui Chemicals & SKC Polyurethanes Co., Ltd.	Korea	50.0%	349,942	369,594	354,340	
Hana land chip PEF 33 (*3)	Korea	65.2%	196,001	192,970	197,123	
Boryeong LNG Terminal Co., Ltd.	Korea	50.0%	98,323	90,440	92,697	
SABIC SK Nexlene Company Pte. Ltd.	Singapore	50.0%	112,670	86,149	86,242	
SKC-KOLON PI Co., Ltd.	Korea	27.0%	83,753	85,220	84,505	
S&Y Shipping S.A.	Panama	50.0%	42,195	41,114	42,520	
Ocean Maritime HongKong Ltd.	Hong Kong	50.0%	35,788	23,738	24,960	
PT XL Planet Digital	Indonesia	50.0%	40,278	29,878	23,108	
Dogus Planet, Inc.	Turkey	50.0%	27,036	17,359	15,118	
Shanghai-GaoQiao SK Solvent Co., Ltd.	China	50.0%	11,724	11,552	11,709	
Tengzhou ShengYuanHongDa Chemical Co., Ltd.	China	50.0%	5,795	2,988	3,806	
Celcom Planet (*3)	Malaysia	51.0%	20,060	6,993	3,405	
Others				30,836	31,478	
Sub-total				1,498,581	1,479,837	
Total				₩ 11,181,680	₩ 11,157,775	

(*1) Equity ownership includes indirect investments held by consolidated subsidiaries.

(*2) The Group retains significant influence on the associate despite having less than 20% equity interests.

(*3) These companies were not included as consolidated subsidiaries, as the Group is unable to exercise its majority voting rights resulting from contractual arrangements.

(*4) During the three months ended March 31, 2016, the Group newly acquired SOCAR, Inc.

(*5) All joint arrangements that the Group has joint control over are structured by a consolidated entity. The parties that have joint control with respect to the joint agreement hold the rights to the net assets of the agreements, and accordingly, they are classified as joint ventures and accounted for using the equity method of accounting.

(2) Changes in carrying amount of investments in associates and joint ventures

Changes in investments in associates and joint ventures accounted for using the equity method for the three months ended March 31, 2016 and 2015 are as follows (Korean won in millions):

	For the three months ended March 31, 2016							
	Beginning balance	Acquisitions	Disposals	Equity profit or loss on investments(*1)	Other capital movements	Dividends received	Others (*2)	Ending balance
Associates	₩ 9,677,938	₩ 64,609	₩ (18,322)	₩ 42,177	₩ 6,798	₩ (91,312)	₩ 1,211	₩ 9,683,099
Joint ventures	1,479,837	26,743	-	(7,466)	6,288	(4,890)	(1,931)	1,498,581
Total	₩ 11,157,775	₩ 91,352	₩ (18,322)	₩ 34,711	₩ 13,086	₩ (96,202)	₩ (720)	₩ 11,181,680

(*1) As losses on investments in associates exceeded their carrying amounts, the Group reduced their loans receivable by ₩99 million of unrecognized losses.

(*2) Others include the impairment of investments in associates and joint ventures, effects of changes in scope of consolidated subsidiaries, net foreign currency differences and others.

	For the three months ended March 31, 2015						
	Beginning balance	Acquisitions		Equity profit or loss on investments	Other capital movements	Dividends received	Ending balance
Associates	₩ 3,314,585	₩ -	₩ -	₩ 170,980	₩ (20,211)	₩ (37,361)	₩ 3,427,993

9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

(3) Details of unrecognized changes in equity method caused by discontinuing the application of equity method

Details of unrecognized changes in the equity method caused by discontinuing the application of equity method for investments for the three months ended March 31, 2016 are as follows (Korean won in millions):

	Beginning balance	Changes	Ending balance
SK Telesys Corporation	₩ 3,960	₩ -	₩ 3,960
U - land Co., Ltd.	1,762	-	1,762
Wave City Development Co., Ltd.	4,538	102	4,640
SK Wyverns Baseball Club Co., Ltd.	1,193	-	1,193
Pentaport Development Co., Ltd.	41,479	382	41,861
Morning Bridge Co., Ltd.	7,733	-	7,733
SKE&C JURONG Investment Singapore Pte. Ltd.	7,213	(99)	7,114

(4) Condensed financial information of significant investments in associates and jointly controlled entities is as follows (Korean won in millions):

	For the three months ended March 31, 2016						Total comprehensive income (loss)
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Sales	Net income (loss)	
Associates:							
SK Hynix Inc.	₩ 9,163,101	₩ 20,634,555	₩ 4,251,605	₩ 4,081,361	₩ 3,655,717	₩ 444,194	₩ 427,059
Daehan Oil Pipeline Corporation	71,154	924,935	58,423	227,036	40,851	10,144	10,144
Peru LNG Company, LLC	379,740	3,206,498	226,026	1,898,084	79,653	(52,091)	(52,091)
Korea IT Fund	164,453	245,923	-	-	-	(870)	(870)
Hana Card Co., Ltd.	5,969,991	483,339	902,926	4,209,208	340,809	5,117	4,713
Yemen LNG Company Ltd.	206,897	5,082,876	651,880	1,353,756	-	(76,600)	(76,600)
SK TNS Co., Ltd.	88,342	2,503	41,607	2,415	47,301	(1,214)	(1,214)
Springvale SK Kores Pty. Ltd.	54,529	353,038	26,741	163,505	34,661	(2,184)	(2,184)
Eurasia Tunnel	23,348	1,016,075	25,443	809,463	32,772	(11,901)	(11,901)
Korea Ras Laffan LNG Limited	7,064	1,058,961	33,749	19,966	18,076	(17,665)	(17,665)
NanoEnTek, inc.	21,312	32,209	5,781	6,649	4,509	(1,886)	(2,014)
SOCAR, Inc.	68,650	43,078	15,043	24,209	12,468	(2,637)	(2,637)
SKC Haas Display film Pty. Ltd.	135,072	124,757	130,415	8,895	67,063	6,228	5,183
TSK Water Co., Ltd.	121,486	316,106	113,283	189,984	84,908	6,119	6,119
Korea LNG Limited	5,029	289,959	18,678	32	10,332	(9,373)	(9,373)
Xe-Pian Xe-Namnoy Power Company	513,456	34,783	38,511	353,370	-	(7,015)	(7,015)
SKC Evonik Peroxide Korea Co., Ltd.	19,710	17,249	5,494	322	10,332	(168)	(168)
Horizon Singapore Terminals Private Limited	37,748	267,706	44,497	77,391	15,916	7,123	7,123
Shaw SKE&C Middle East Ltd.	10	66,232	-	-	-	6,614	6,614
Beijing BESK Technology Co., Ltd.	93,538	11,952	49,600	-	31,197	(1,058)	-
FSK Holdings Co., Ltd.	-	75,259	-	-	-	(339)	(339)
SSV contents fund	25,744	12,008	-	-	359	323	323
Oilhub Korea Yeosu Co., Ltd.	26,745	492,586	283,441	94,604	20,260	6,653	6,653
Busan Green Energy Co., Ltd.	16,728	32,762	50	19	-	(620)	(620)
Zhejiang Shenxin SK Packaging Co., Ltd.	23,541	20,744	16,600	-	13,523	423	423
UNISK (Beijing) Information Technology Co., Ltd.	8,763	26,227	10,283	8	7,247	1,088	1,088
SBS Golf Co., Ltd.	35,930	20,113	10,722	76	8,755	(885)	(885)
Inter Vest New Growth Fund	17,678	-	6	-	-	-	-
Troika Resources Investment Fund	44,916	-	2,570	-	2,939	1,403	1,403
Joint ventures:							
Sinopec-SK (Wuhan) Petrochemical Co., Ltd.	267,873	2,756,422	1,692,225	37	503,861	36,388	36,388
Mitsui Chemicals & SKC Polyurethanes Co., Ltd.	482,183	716,448	401,673	22,998	311,445	11,423	32,763
Hana land chip PEF 33	15,617	576,307	14,003	281,727	17,366	12,787	12,787
Boryeong LNG Terminal Co., Ltd.	94,439	956,827	11,371	903,844	-	(1,271)	(1,271)
SABIC SK Nexlene Company Pte. Ltd.	161,014	635,735	171,976	346,272	61,440	(10,825)	(10,825)
SKC-KOLON PI Co., Ltd.	74,649	208,046	25,868	43,639	36,785	5,825	5,825
S&Y Shipping S.A.	11,140	122,775	5,956	45,732	4,506	(1,532)	(1,532)
Ocean Maritime HongKong Ltd.	8,817	76,439	20,189	17,590	3,140	(1,725)	(1,656)
PT XL Planet Digital	21,176	48,379	8,970	829	2,804	(10,251)	(10,251)
Dogus Planet, Inc.	34,935	24,866	24,998	85	13,453	(13,872)	(13,872)
Shanghai-GaoQiao SK Solvent Co., Ltd.	14,589	10,501	1,985	-	13,525	61	61
Tengzhou ShengYuanHongDa Chemical Co., Ltd.	19,191	44,318	56,730	-	31,498	(1,067)	(1,067)
Celcom Planet	20,018	2,991	9,297	-	965	(10,296)	(10,296)
Beijing BESK Technology Co., Ltd.	93,538	11,952	49,600	-	31,197	(1,058)	-

10. PROPERTY, PLANT AND EQUIPMENT

(1) Details of property, plant and equipment as at March 31, 2016 and December 31, 2015 are as follows (Korean won in millions):

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Acquisition cost	₩ 41,679,665	₩ 40,734,261
Accumulated depreciation and accumulated impairment loss	<u>(2,182,391)</u>	<u>(1,288,975)</u>
Total	<u>₩ 39,497,274</u>	<u>₩ 39,445,286</u>

(2) Changes in property, plant and equipment for the three months ended March 31, 2016 and 2015 are as follows (Korean won in millions):

	<u>For the three months ended March 31, 2016</u>						
	<u>Beginning balance</u>	<u>Business combination</u>	<u>Acquisitions</u>	<u>Disposals</u>	<u>Depreciation</u>	<u>Others (*1)</u>	<u>Ending balance</u>
Land	₩ 9,900,793	₩ 61,280	₩ 692	₩ (17,038)	₩ -	₩ (471)	₩ 9,945,256
Buildings	3,292,931	87,996	2,512	(10,239)	(35,282)	15,094	3,353,012
Structures	1,227,202	39,986	336	(211)	(24,836)	12,682	1,255,159
Ships and vessels	2,805,736	-	32,993	-	(24,030)	(50,917)	2,763,782
Machinery and equipment	16,189,361	267,031	59,443	(6,690)	(730,216)	231,772	16,010,701
Vehicles	485,429	1,184	111,031	(1,589)	(25,376)	(12,556)	558,123
Others	2,770,338	26,498	124,758	(6,704)	(141,547)	2,038	2,775,381
Construction-in-progress	<u>2,773,496</u>	<u>26,121</u>	<u>362,714</u>	<u>(9,266)</u>	<u>-</u>	<u>(317,205)</u>	<u>2,835,860</u>
Total	<u>₩ 39,445,286</u>	<u>₩ 510,096</u>	<u>₩ 694,479</u>	<u>₩ (51,737)</u>	<u>₩ (981,287)</u>	<u>₩ (119,563)</u>	<u>₩ 39,497,274</u>

	<u>For the three months ended March 31, 2015</u>					
	<u>Beginning balance</u>	<u>Acquisitions</u>	<u>Disposals</u>	<u>Depreciation</u>	<u>Others (*1)</u>	<u>Ending balance</u>
Land	₩ 147,205	₩ -	₩ -	₩ -	₩ -	₩ 147,205
Buildings	336,133	-	-	(3,417)	-	332,716
Machinery and equipment	62	-	-	(8)	-	54
Vehicles	773	57	(20)	(66)	-	744
Others	<u>90,010</u>	<u>7,622</u>	<u>(117)</u>	<u>(7,865)</u>	<u>13</u>	<u>89,663</u>
Total	<u>₩ 574,183</u>	<u>₩ 7,679</u>	<u>₩ (137)</u>	<u>₩ (11,356)</u>	<u>₩ 13</u>	<u>₩ 570,382</u>

(*1) This includes impairment losses, net translation differences, transferred amounts to an investment properties and intangible assets and others.

11. INVESTMENT PROPERTIES

(1) Details of investment properties as at March 31, 2016 and December 31, 2015 are as follows (Korean won in millions):

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Acquisition cost	₩ 756,348	₩ 811,593
Accumulated depreciation and accumulated impairment loss	<u>(9,636)</u>	<u>(13,785)</u>
Total	<u>₩ 746,712</u>	<u>₩ 797,808</u>

(2) Changes in investment properties for the three months ended March 31, 2016 are as follows (Korean won in millions):

	<u>For the three months ended March 31, 2016</u>					
	<u>Beginning balance</u>	<u>Acquisition</u>	<u>Disposals</u>	<u>Depreciation</u>	<u>Others (*1)</u>	<u>Ending balance</u>
Land	₩ 384,932	₩ -	₩ -	₩ -	₩ 3,982	₩ 388,914
Buildings	411,120	-	(58,064)	(3,050)	6,073	356,079
Structures	<u>1,756</u>	<u>-</u>	<u>-</u>	<u>(37)</u>	<u>-</u>	<u>1,719</u>
Total	<u>₩ 797,808</u>	<u>₩ -</u>	<u>₩ (58,064)</u>	<u>₩ (3,087)</u>	<u>₩ 10,055</u>	<u>₩ 746,712</u>

(*1) This includes net translation differences, transferred amounts from a property, plant and equipment and others.

12. GOODWILL

Changes in goodwill for the three months ended March 31, 2016 and 2015 are as follows (Korean won in millions):

	For the three months ended	
	March 31, 2016	March 31, 2015
Beginning balance	₩ 27,078	₩ 22,468
Business combination (see Note 33)	134,131	-
Others (*1)	289	-
Ending balance	<u>₩ 161,498</u>	<u>₩ 22,468</u>

(*1) Others include net translation differences and others.

13. INTANGIBLE ASSETS

Details of intangible assets for the three months ended March 31, 2016 and 2015 are as follows (Korean won in millions):

	For the three months ended March 31, 2016						
	Beginning balance	Business combination	Acquisitions	Disposals	Amortization	Others (*2)	Ending balance
Development costs	₩ 79,158	₩ -	₩ 3,976	₩ -	₩ (7,502)	₩ 824	₩ 76,456
Facility usage rights	61,386	-	200	-	(2,233)	(182)	59,171
Industrial property rights	120,701	-	633	(177)	(1,823)	(56)	119,278
Frequency usage rights	1,103,517	-	-	-	(70,132)	-	1,033,385
Customer-related assets	1,263,503	244,984	-	-	(29,433)	-	1,479,054
Membership (*1)	241,874	777	9,091	(9,000)	(44)	(1,606)	241,092
Development costs for petroleum resource	1,862,146	-	26,199	-	(24,836)	(90,887)	1,772,622
Brand contract-related assets (*1)	1,975,000	-	-	-	-	-	1,975,000
Developed technology	1,045,951	106,420	-	-	(28,233)	(1)	1,124,137
Others (*3)	1,969,115	2,365	74,534	(1,928)	(115,002)	23,569	1,952,653
Total	<u>₩ 9,722,351</u>	<u>₩ 354,546</u>	<u>₩ 114,633</u>	<u>₩ (11,105)</u>	<u>₩ (279,238)</u>	<u>₩ (68,339)</u>	<u>₩ 9,832,848</u>

	For the three months ended March 31, 2015					
	Beginning balance	Acquisitions	Disposals	Amortization	Others (*2)	Ending balance
Development costs	₩ 45,839	₩ 1,562	₩ (22)	₩ (3,242)	₩ (4,614)	₩ 39,523
Industrial property rights	3,270	69	-	(23)	-	3,316
Customer-related assets	251	-	-	(31)	-	220
Membership (*1)	17,173	-	(250)	-	-	16,923
Others (*3)	12,736	116	-	(712)	25	12,165
Total	<u>₩ 79,269</u>	<u>₩ 1,747</u>	<u>₩ (272)</u>	<u>₩ (4,008)</u>	<u>₩ (4,589)</u>	<u>₩ 72,147</u>

(*1) Membership and brand contract-related assets are classified as intangible assets with infinite useful lives and are not amortized.

(*2) This includes impairment loss, net translation differences and others.

(*3) This comprises intangible assets recognized through business combination, software and contribution property of use earnings.

14. BORROWINGS AND BONDS PAYABLE

(1) Details of borrowings and bonds payable as at March 31, 2016 and December 31, 2015 are as follows (Korean won in millions):

	<u>March 31, 2016</u>		<u>December 31, 2015</u>	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
Short-term borrowings	₩ 3,400,342	₩ -	₩ 2,726,701	₩ -
Bonds and long-term borrowings:				
Bonds payable	3,789,196	21,031,702	4,231,569	20,508,116
Long-term borrowings	1,021,827	3,109,807	1,261,811	2,988,187
Sub-total	<u>4,811,023</u>	<u>24,141,509</u>	<u>5,493,380</u>	<u>23,496,303</u>
Total	<u>₩ 8,211,365</u>	<u>₩ 24,141,509</u>	<u>₩ 8,220,081</u>	<u>₩ 23,496,303</u>

(2) Details of bonds payable as at March 31, 2016 and December 31, 2015 are as follows (Korean won in millions):

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
SK Holdings Co., Ltd.	₩ 5,520,000	₩ 5,120,000
SK Innovation Co., Ltd.	663,725	670,202
SK Lubricants Co., Ltd.	738,420	740,640
SK Energy Co., Ltd.	2,410,000	2,410,000
SK Global Chemical Co., Ltd.	1,180,700	1,184,400
SK Incheon Petrochem Co., Ltd.	1,720,000	1,850,000
SK Global Chemical Investment Hong Kong Ltd.	168,864	171,521
SK Telecom Co., Ltd.	5,694,605	5,638,051
SK Broadband Co., Ltd.	1,466,050	1,471,600
PS&Marketing Corp.	30,000	30,000
SK Networks Co., Ltd.	1,090,000	1,190,000
SKC Co., Ltd.	700,000	680,000
SKC Solmics Co., Ltd.	60,000	60,000
SK Telesys Co., Ltd.	40,000	40,000
SK Shipping Co., Ltd.	495,000	547,200
SK Shipping Europe Plc.	-	35,160
SK E&S Co., Ltd.	860,000	860,000
PMP Co., Ltd.	500,000	500,000
Wirye energy service Co., Ltd.	250,000	250,000
Narae energy service Co., Ltd.	80,000	80,000
SK Engineering & Construction Co., Ltd.	500,000	600,000
SK Materials Co., Ltd.	90,000	-
Sub-total	<u>24,257,364</u>	<u>24,128,774</u>
Addition: premium on bonds payable	563,534	610,911
Less: current portion	<u>(3,789,196)</u>	<u>(4,231,569)</u>
Total	<u>₩ 21,031,702</u>	<u>₩ 20,508,116</u>

14. **BORROWINGS AND BONDS PAYABLE (CONTINUED)**

(3) Details of long-term borrowings as at March 31, 2016 and December 31, 2015 are as follows (Korean won in millions):

<u>Financial institution</u>	<u>Description</u>	<u>Interest rate</u>	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Korea Development Bank and others	General	0.00% ~ 7.78%	₩ 840,455	₩ 959,254
Korea Development Bank and others (*1)	Fund for facility	1.75% ~ 5.15%	1,391,783	1,377,913
Export Kreditnamnden and others	Foreign long-term borrowings	1.20% ~ 6.00%	476,443	658,624
Korea National Oil Corporation and others (*2)	Fund for mine exploration	0.00% ~ 0.75%	107,762	157,906
Econg 1st Co., Ltd. and others	Callable preferred share	3.00% ~ 6.40%	535,860	543,727
Korea Development Bank and others	Fund for operation	2.39% ~ 5.90%	460,295	328,868
KEB Hana Bank and others	Fund for supply pipeline	1.75% ~ 3.00%	11,432	11,584
Kookmin Bank and others	Fund for catalyzing information	1.88%	8,544	10,573
Kookmin Bank and others	Fund for reasonable energy consumption	1.50% ~ 1.75%	127,523	30,706
E1 Corporation	Versatile fund for peer construction	-	-	198
Nonghyup Bank and others	Fund for safety management	1.75%	430	467
D&D Growth Strategy Limited and others	Others	-	<u>151,727</u>	<u>149,588</u>
Sub-total			<u>4,112,254</u>	<u>4,229,408</u>
Addition (less):				
Premium			19,380	20,590
Current portion			<u>(1,021,827)</u>	<u>(1,261,811)</u>
Total			<u>₩ 3,109,807</u>	<u>₩ 2,988,187</u>

(*1) The borrowings from Korea Development Bank amounting to ₩219,793 million of SK Global Chemical Co., Ltd., a subsidiary of the Group, are related to the facility borrowings of Ulsan Aromatics Co., Ltd., which is accounted as joint operation, and the amount that the Group has obligation of redemption according to cash deficiency support agreement is recorded as borrowings as at March 31, 2016.

(*2) As at March 31, 2016, the Group holds loans from Korea National Oil Corporation (KNOC) for the purpose of oil exploration and development in which there is no repayment obligation on ₩90,804 million based on the successful effort method, and interest expense will be recognized upon successful commercial production.

Long-term borrowings presented above are to be repaid either in installments or all at once at maturity. Financial instruments and other assets of the Group are pledged as collateral as described in Note 30.

15. PROVISIONS

Changes in the provisions for the three months ended March 31, 2016 and 2015 are as follows (Korean won in millions):

	For the three months ended March 31, 2016						
	Beginning balance	Business combination	Increase	Decrease	Ending balance	Current	Non-current
Provision for sale warranties	₩ 9,607	₩ -	₩ 75	₩ (118)	₩ 9,564	₩ 882	₩ 8,682
Provision for handset subsidy	5,671	-	-	(782)	4,889	1,451	3,438
Provision for restoration	93,920	-	1,133	(642)	94,411	37,912	56,499
Provision for point program	3,045	-	2,055	(1,344)	3,756	3,349	407
Provision for service / construction warranties	49,491	-	2,755	(5,433)	46,813	46,813	-
Provision for sales returns	27	-	-	-	27	27	-
Provision for losses on contracts	178,370	-	39,591	(7,001)	210,960	209,839	1,121
Other provisions	100,369	576	100	(1,979)	99,066	38,401	60,665
Total	₩ 440,500	₩ 576	₩ 45,709	₩ (17,299)	₩ 469,486	₩ 338,674	₩ 130,812

	For the three months ended March 31, 2015					
	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
Provision for sale warranties	₩ 334	₩ 63	₩ -	₩ 397	₩ 397	-
Provision for service / construction warranties	4,539	3,750	(2,479)	5,810	5,810	-
Total	₩ 4,873	₩ 3,813	₩ (2,479)	₩ 6,207	₩ 6,207	-

16. RETIREMENT BENEFIT OBLIGATION

(1) Details of retirement benefit obligation as at March 31, 2016 and December 31, 2015 are as follows (Korean won in millions):

	March 31, 2016	December 31, 2015
Present value of defined benefit obligation	₩ 1,836,041	₩ 1,736,303
Fair value of plan assets	(1,461,763)	(1,470,600)
Total	₩ 374,278	₩ 265,703

(2) Changes in retirement benefit obligation for the three months ended March 31, 2016 and 2015 are as follows (Korean won in millions):

	For the three months ended March 31, 2016		
	Present value of defined benefit obligation	Fair value of plan assets	Total
Beginning balance	₩ 1,736,303	₩ (1,470,600)	₩ 265,703
Business combination	15,545	(10,110)	5,435
Provision for pension benefits:			
Current service cost	76,490	-	76,490
Net interest expense (income)	10,675	(8,718)	1,957
Remeasurement:			
Return on plan assets (excluding amounts included in net interest expenses)	-	7,088	7,088
Actuarial changes arising from changes in financial assumptions	34,797	-	34,797
Contributions by employer directly to plan assets	-	(16,692)	(16,692)
Benefit paid	(46,404)	48,966	2,562
Others	8,635	(11,697)	(3,062)
Ending balance	₩ 1,836,041	₩ (1,461,763)	₩ 374,278

16. RETIREMENT BENEFIT OBLIGATION (CONTINUED)

	For the three months ended March 31, 2015		
	Present value of	Fair value of	Total
	defined benefit obligation	plan assets	
Beginning balance	₩ 185,259	₩ (167,288)	₩ 17,971
Provision for pension benefits:			
Current service cost	6,396	-	6,396
Net interest expense (income)	1,237	(1,062)	175
Remeasurement:			
Return on plan assets (excluding amounts included in net interest expenses)	-	1,100	1,100
Actuarial changes arising from changes in financial assumptions	10,843	-	10,843
Benefit paid	(10,555)	8,667	(1,888)
Others	1,628	(2,027)	(399)
Ending balance	₩ 194,808	₩ (160,610)	₩ 34,198

17. OTHER ASSETS AND LIABILITIES

(1) Details of other assets as at March 31, 2016 and December 31, 2015 are as follows (Korean won in millions):

	March 31, 2016	December 31, 2015
Current assets:		
Short-term financial instruments	₩ 3,320,874	₩ 2,741,181
Short-term loans	278,624	252,541
Accrued income	60,356	51,198
Advance payments	785,792	895,724
Prepaid expenses	599,765	605,783
Held-to-maturity investments	30	45
Guarantee deposits	145,906	187,958
Derivative financial assets	222,728	272,216
Finance lease receivables	73,357	74,107
Others	15,154	9,954
Total	₩ 5,502,586	₩ 5,090,707
Non-current assets:		
Long-term financial instruments	₩ 251,218	₩ 212,987
Long-term prepaid expenses	1,170,085	1,282,744
Long-term loans	266,235	239,397
Held-to-maturity investments	915	915
Guarantee deposits	671,202	624,592
Derivative financial assets	140,510	197,565
Finance lease receivables	321,286	345,545
Others	100,519	116,324
Total	₩ 2,921,970	₩ 3,020,069

17. OTHER ASSETS AND LIABILITIES (CONTINUED)

(2) Details of other liabilities as at March 31, 2016 and December 31, 2015 are as follows (Korean won in millions):

	<u>March 31, 2016</u>		<u>December 31, 2015</u>	
Current liabilities:				
Accrued expenses	₩	2,102,242	₩	2,563,103
Dividends payable		963,553		2,369
Advance received		2,031,378		2,039,180
Unearned revenue		291,566		292,986
Withholdings		1,879,653		1,646,467
Leasehold deposits received		120,243		135,830
Income tax payable		963,316		780,377
Derivative financial liabilities		90,690		102,371
Finance lease liabilities		1,691		1,756
Financial guarantee liabilities		5,168		-
Others		6,278		5,124
Total	₩	<u>8,455,778</u>	₩	<u>7,569,563</u>
Non-current liabilities:				
Unearned revenue	₩	306,621	₩	290,150
Leasehold deposits received		209,105		247,265
Derivative financial liabilities		119,310		137,703
Finance lease liabilities		3,090		3,603
Financial guarantee liabilities		15,484		12,076
Others		53,415		53,863
Total	₩	<u>707,025</u>	₩	<u>744,660</u>

18. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

(1) Details of derivative financial assets and liabilities as at March 31, 2016 and December 31, 2015 are as follows (Korean won in millions):

	<u>March 31, 2016</u>		<u>December 31, 2015</u>	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
Firm contracts	₩ 72,036	₩ (651)	₩ 125,694	₩ (510)
Swap contracts	38,903	25,158	42,075	57,612
Forward contracts	15,818	(626)	(3,336)	(351)
Futures contracts	5,281	-	5,412	-
Options contracts	-	3,111	-	3,111
Others	-	(5,792)	-	-
Total	₩ 132,038	₩ 21,200	₩ 169,845	₩ 59,862
Assets	₩ 222,728	₩ 140,510	₩ 272,216	₩ 197,565
Liabilities	(90,690)	(119,310)	(102,371)	(137,703)

19. EQUITY

(1) Issued capital

Details of issued capital as at March 31, 2016 and December 31, 2015 are as follows (Korean won in millions):

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Number of shares authorized for issue	400,000,000	400,000,000
Per share (Korean won)	₩ 200	₩ 200
Number of shares issued:		
Ordinary share	70,360,297	70,360,297
Preferred share	566,135	566,135
Issued capital:		
Ordinary share	₩ 15,272	₩ 15,272
Preferred share	113	113
Total	<u>₩ 15,385</u>	<u>₩ 15,385</u>

The Company retired 6,000,000 shares of its treasury share (par value: ₩1,200 million) by reducing retained earnings, which resulted in a difference between total par value of ordinary shares and issued capital.

(2) Other paid-in capital

Details of other paid-in capital as at March 31, 2016 and December 31, 2015 are as follows (Korean won in millions):

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Paid-in surplus (*1)	₩ 5,605,831	₩ 5,605,831
Treasury share (*2)	(904,490)	(904,490)
Others	56,068	72,624
Total	<u>₩ 4,757,409</u>	<u>₩ 4,773,965</u>

(*1) During the year ended December 31, 2015, the Company repurchased treasury shares of ₩3,369,310 million from the merger with SK Holdings Co., Ltd. which was recognized as a contra account of additional paid-in capital.

(*2) As at March 31, 2016, the Company has 14,537,758 treasury shares (including 1,818 preferred shares), and during the three months ended March 31, 2016, there were no disposal or acquisition of treasury shares.

(3) Retained earnings

Details of retained earnings as at March 31, 2016 and December 31, 2015 are as follows (Korean won in millions):

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Legal reserve (*1)	₩ 7,693	₩ 5,100
Voluntary reserve	80,896	102,563
Unappropriated retained earnings	7,891,579	7,694,050
Total	<u>₩ 7,980,168</u>	<u>₩ 7,801,713</u>

(*1) In accordance with the Korean Commercial Code, an amount equal to at least 10% of cash dividends is required to be appropriated as a legal reserve until the reserve equals 50% of issued capital. The legal reserve may not be utilized for cash dividends but may only be used to offset a deficit, if any, or be transferred to issued capital through approval at the general meeting of the shareholder.

19. EQUITY (CONTINUED)

(4) Other capital components

Details of other capital components as at March 31, 2016 and December 31, 2015 are as follows (Korean won in millions):

	<u>March 31, 2016</u>		<u>December 31, 2015</u>	
Net gain (loss) on available-for-sale financial assets	₩	5,296	₩	(12,759)
Changes in equity in equity method		(5,514)		(10,535)
Net gain (loss) on valuation of cash flow hedges		(5,474)		1,981
Net loss on translation of foreign operation		(55,274)		(3,932)
Net gain (loss) on foreign currency translation		(7,197)		700
Total	₩	<u>(68,163)</u>	₩	<u>(24,545)</u>

20. SELLING AND ADMINISTRATIVE EXPENSES

Details of selling and administrative expenses for the three months ended March 31, 2016 and 2015 are as follows (Korean won in millions):

	<u>For the three months ended</u>		
	<u>March 31, 2016</u>		<u>March 31, 2015</u>
Salaries	₩	256,042	₩ -
Provision for pension benefits		26,737	-
Employee welfare benefits		42,069	-
Travel		12,663	-
(Reversal of) bad debt expenses		(589)	16
Communications		2,621	-
Utilities		12,073	-
Taxes and dues		20,639	-
Supplies		6,866	-
Rents		42,934	-
Depreciation		55,614	-
Amortization		34,812	-
Repairs		4,377	-
Insurance		6,054	-
Advertising		111,356	1,696
Research and development		51,716	-
Education and examination		12,896	-
Outsourcing technology services		194,340	-
Commissions		6,130	-
Transport		165,100	-
Others		34,186	668
Total	₩	<u>1,098,636</u>	₩ <u>2,380</u>

21. FINANCIAL INCOME AND COSTS

(1) Details of financial income for the three months ended March 31, 2016 and 2015 are as follows (Korean won in millions):

	For the three months ended	
	March 31, 2016	March 31, 2015
Interest income	₩ 45,926	₩ 1,298
Gain on foreign currency transactions	359,316	666
Gain on foreign currency translation	252,547	323
Gain on transactions of derivatives	134,506	176
Gain on valuation of derivatives	139,934	167
Total	₩ 932,229	₩ 2,630

(2) Details of financial costs for the three months ended March 31, 2016 and 2015 are as follows (Korean won in millions):

	For the three months ended	
	March 31, 2016	March 31, 2015
Interest expenses	₩ 210,100	₩ 15,323
Loss on foreign currency transactions	387,692	1,207
Loss on foreign currency translation	195,320	301
Loss on transactions of derivatives	153,281	237
Loss on valuation of derivatives	101,576	24
Loss on valuation of financial assets at fair value through profit or loss	226	-
Total	₩ 1,048,195	₩ 17,092

22. OTHER NON-OPERATING INCOME AND EXPENSES

(1) Details of other non-operating income for the three months ended March 31, 2016 and 2015 are as follows (Korean won in millions):

	For the three months ended	
	March 31, 2016	March 31, 2015
Dividend income	₩ 21,126	₩ 19,779
Rental income	61	-
Gain on disposal of trade accounts receivable	2,663	-
Gain on disposal of available-for-sale financial assets	27,886	-
Gain on disposal of investments in associates and joint ventures	7,043	-
Gain on disposal of property, plant and equipment	2,405	36
Gain on disposal of intangible assets	1,988	-
Gain on disposal of investment properties	52,808	-
Others	89,029	115
Total	₩ 205,009	₩ 19,930

22. OTHER NON-OPERATING INCOME AND EXPENSES (CONTINUED)

(2) Details of other non-operating expenses for the three months ended March 31, 2016 and 2015 are as follows (Korean won in millions):

	For the three months ended	
	March 31, 2016	March 31, 2015
Loss on disposal of trade accounts receivable	₩ 2,130	₩ -
Loss on disposal of available-for-sale financial assets	133	-
Loss on impairment of available-for-sale financial assets	223	-
Loss on impairment of investments in associates and joint ventures	20	-
Loss on disposal of property, plant and equipment	10,297	63
Loss on disposal of intangible assets	920	250
Loss on impairment of intangible assets	71,995	4,614
Loss on disposal of investment properties	1,187	-
Loss on impairment of investment properties	6,449	-
Donations	42,656	72
Others	71,927	736
Total	₩ 207,937	₩ 5,735

23. EXPENSE CLASSIFIED BASED ON NATURE OF EXPENSE

Details of classification based on nature of expenses for the three months ended March 31, 2016 and 2015 are as follows (Korean won in millions):

	For the three months ended	
	March 31, 2016	March 31, 2015
Employee benefits	₩ 1,271,878	₩ 103,723
Depreciation and amortization	1,263,612	15,364
Network connection expenses	265,123	-
Transport	195,395	619
Advertising	112,814	1,696
Operating lease payments and rents	319,114	3,922
Other expenses	4,163,306	129,825
Use of raw materials and purchase of finished goods and merchandise	11,349,641	309,006
Changes in finished goods and Semi-finished good	220,200	-
Total	₩ 19,161,083	₩ 564,155

24. INCOME TAXES

The Company calculated income tax expense by adding the current period adjustments to the accumulated interim tax expense, reflecting deferred tax expense (income) due to changes in temporary differences and considering adjustments not related to the interim profit or loss.

Effective tax rates for the three months ended March 31, 2016 and 2015 were 25.61% and 21.76%, respectively.

25. EARNINGS PER SHARE

(1) Basic earnings per share for the three months ended March 31, 2016 and 2015 are as follows (Korean won in millions, except per shares and weighted-average number of ordinary shares outstanding):

	For the three months ended	
	March 31, 2016	March 31, 2015
Net income attributable to owners of the parent	₩ 387,051	₩ 192,592
Less: preferred share dividends	(487)	-
Net income attributable to ordinary share owners of the parent	₩ 386,564	₩ 192,592
Weighted-average number of issued ordinary share outstanding (*1)	55,824,357	44,000,000
Basic earnings per share (in Korean won)	₩ 6,925	₩ 4,377

(*1) The weighted-average number of common share outstanding is issued share divided by period of circulation. The treasury share held until the disposal date, after the date of acquisition, is excluded from the number of common share outstanding.

(2) The basis of calculating weighted-average number of issued shares for the three months ended March 31, 2016 and 2015 is as follows.

	For the three months ended	
	March 31, 2016	March 31, 2015
Weighted-average number of shares outstanding	₩ 70,360,297	₩ 44,000,000
Weighted-average number of treasury shares	(14,535,940)	-
Weighted-average number of issued shares outstanding	₩ 55,824,357	₩ 44,000,000

26. TRANSACTIONS WITH RELATED PARTIES

Balances on transactions arising from intercompany transactions within the Group were eliminated in preparing the consolidated financial statements. Details of significant transactions with related-party for the three months ended March 31, 2016 and 2015, and significant outstanding balances of receivables and payables with related parties as at March 31, 2016 and December 31, 2015 are as follows:

(1) Details of significant transactions with related-party for the three months ended March 31, 2016 and 2015 are as follows (Korean won in millions):

Company name	For the three months ended March 31, 2016	
	Revenue	Expenses
Daehan Oil Pipeline Corporation	₩ 3,899	₩ 11,832
Hana land chip PEF 33	-	8,629
Oilhub Korea Yeosu Co., Ltd.	-	3,403
Korea Consortium Kazakh B.V.	-	247
Netruck Franz Co., Ltd.	92	-
Ecopluscity. Co., Ltd.	1,521	-
Eurosia Tunnel	19,078	-
XE-PIAN XE-NAMNOY Power Company	47,810	-
SKC Haas Display Film Co., Ltd.	12,193	130
SKC-KOLON PI Co., Ltd.	485	4
SKC Evonik Peroxide Korea Co., Ltd.	-	8,714
SKC MNT Co., Ltd.	971	5,027
SKC ACME Specialty Film (Huizhou) Co., Ltd.	7	849
TSF Co., Ltd.	698	-
AnTS	-	14,581
SK Securities Co., Ltd.	6,307	7
SK Gas Co., Ltd.	68,778	85,510
SK Advanced Co., Ltd.	30,750	-

26. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Company name	For the three months ended March 31, 2016	
	Revenue	Expenses
Boryeong LNG Terminal Co., Ltd.	₩ 24,500	₩ -
G. Hub Co., Ltd.	235	11,325
SK Chemicals Co., Ltd.	29,942	28,799
SK D&D Co., Ltd.	120	2,761
SK Petrochemical Co., Ltd.	13,271	542
Huvis Corporation	9,007	-
Ocean Maritime HongKong Ltd.	166	1,530
SK Wyverns Baseball Club Co., Ltd.	365	14,932
Mobile TCS Co., Ltd.	206	1,961
F&U Credit Information Co., Ltd.	532	13,706
Hana Card Co., Ltd.	5,045	9,377
Health Connect Co., Ltd.	2	261
SK Hyeng Inc.	4,019	850
Daejeon Clean Water Co., Ltd.	600	-
Gwangju Clean Water Co., Ltd.	134	-
SK Gas International Pte. Ltd.	5,064	1,192
Mitsui Chemicals & SKC Polyurethanes Inc.	54,359	11,786
SK Hynix Inc.	265,993	483
SK Hystec Inc.	2,871	94
SK Hynix Semiconductor HK Ltd.	-	106,893
SK TNS Co., Ltd.	948	19,536
Others	55,680	50,750
Total	₩ 665,648	₩ 415,711

Company name	For the three months ended March 31, 2015	
	Revenue	Expenses
SK Telecom Co., Ltd.	₩ 102,803	₩ 1,988
SK Broadband Co., Ltd.	22,320	2,582
SK Planet Co., Ltd.	17,322	76
SK Networks Co., Ltd.	10,472	2,716
SK Energy Co., Ltd.	8,909	-
SK Innovation Co., Ltd.	7,508	65
SK Engineering & Construction Co., Ltd.	4,741	-
SK E&S Co., Ltd.	4,932	1
Others	15,685	2,037
Total	₩ 194,692	₩ 9,465

(2) Details of significant outstanding balances of receivables and payables with related parties as at March 31, 2016 and December 31, 2015 are as follows (Korean won in millions):

Company name	March 31, 2016		December 31, 2015	
	Receivables	Payables	Receivables	Payables
Daehan Oil Pipeline Corporation	₩ 3,718	₩ 509	₩ 18	₩ 1,262
Oilhub Korea Yeosu Co., Ltd.	-	1,208	-	825
Korea Consortium Kazakh B.V.	35,237	-	35,237	-
Pentaport Development Co., Ltd.	94,056	-	95,536	-
Daejeon Clean Water Co., Ltd.	925	-	893	-
Gwangju Clean Water Co., Ltd.	249	-	239	-
Ecopluscity Co., Ltd.	8,728	-	4,183	-
Eurasia Tunnel	9,487	16,484	10,898	19,328
SK E&C JURONG Investment Singapore Pte. Ltd.	74,645	-	67,256	-
XE-PIAN XE-NAMNOY Power Company	16,355	42,816	12,911	56,070
SK E&C USA, Inc.	2,756	-	1,494	-
SBC General Trading & Contracting Co. WLL	4,364	537	3,109	545
SK TNS Co., Ltd.	42	518	687	44,378
SKC Haas Display Film Co., Ltd.	8,812	37,834	6,227	37,706

26. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Company name	March 31, 2016		December 31, 2015	
	Receivables	Payables	Receivables	Payables
SKC Evonik Peroxide Korea Co., Ltd.	₩ 287	₩ 4,263	₩ -	₩ 4,449
TSF Co., Ltd.	-	-	281	81
SKC MNT Co., Ltd.	499	2,371	221	1,287
Mitsui Chemicals & SKC Polyurethanes Inc.	33,586	2,606	42,468	1,456
SKC ACME Specialty Film (Huizhou) Co., Ltd.	7	-	15	-
AnTS	-	16,182	-	11,643
SK Gas Co., Ltd.	39,876	84,336	24,796	92,602
Boryeong LNG Terminal Co., Ltd.	383	2,248	182	2,248
G. Hub Co., Ltd.	107	4,193	87	4,204
SK Advanced Co., Ltd.	425	-	177	-
SK Gas International Pte. Ltd.	5,022	122	-	187
SK Chemicals Co., Ltd.	19,834	15,711	21,645	12,730
SK D&D Co., Ltd.	15	2,282	24	2,288
SK Petrochemical Co., Ltd.	9,661	171	7,881	1,016
Huvis Corporation	4,168	-	6,086	-
Ocean Maritime HongKong Ltd.	96	9	10	9
F&U Credit Information Co., Ltd.	361	1,276	77	1,024
SK Wyverns Baseball Club Co., Ltd.	1,052	710	5,519	-
Wave City Development Co., Ltd.	63,459	-	63,307	-
Hana Card Co., Ltd.	226	5,100	5,199	9,051
Health Connect Co., Ltd.	9	142	10	837
SK Hynix Inc.	220,900	7,969	285,472	6,520
SK Hystec Inc.	2,308	20	3,416	476
SK Hyeng Inc.	1,926	158	1,865	1,429
SK Hynix Semiconductor HK Ltd.	-	51,261	-	21,415
SK Securities Co., Ltd.	1,880	30	3,180	85
Others	62,361	45,704	44,951	61,865
Total	₩ 727,822	₩ 346,770	₩ 755,557	₩ 397,016

(3) Compensation for key management personnel of the Company.

Benefits for key management consist of registered executives who are responsible for the planning, operation and control of the Company's business activities. Details of compensation for them for the three months ended March 31, 2016 and 2015 are as follows (Korean won in millions):

	For the three months ended	
	March 31, 2016	March 31, 2015
Salaries	₩ 540	₩ 295
Provision for pension benefits	206	18
Total	₩ 746	₩ 313

27. NON-CURRENT ASSETS AND NON-CURRENT LIABILITIES CLASSIFIED AS HELD FOR SALE

Details of non-current assets and non-current liabilities held for sale as at March 31, 2016 are as follows (Korean won in millions):

	Assets	Liabilities
Subsidiaries	₩ 904	₩ 668
Associates		
Property, plant and equipment		
Others		
Total	₩ 28,102	₩ 1,697

28. CASH FLOW INFORMATION

(1) Details of non-cash adjustments for the three months ended March 31, 2016 and 2015 are as follows (Korean won in millions):

	For the three months ended	
	March 31, 2016	March 31, 2015
Provision for pension benefits	₩ 78,447	₩ 8,690
Depreciation	984,374	11,356
Amortization	279,238	4,008
Loss on impairment of intangible assets	71,995	4,614
(Reversal of) bad debt expenses	(589)	16
Reversal of loss on valuation of inventories	(51,785)	-
Interest expenses	210,100	15,323
Loss on foreign currency translation	195,320	301
Loss on disposal of trade accounts receivable	2,130	-
Loss on transactions of derivatives	153,281	-
Loss on valuation of derivatives	101,576	24
Loss on disposal of available-for-sale financial assets	133	-
Loss on impairment of available-for-sale financial assets	223	-
Loss on disposal of property, plant and equipment	10,297	63
Loss on disposal of intangible assets	920	250
Loss on disposal of investment properties	1,187	-
Loss on impairment of investment properties	6,449	-
Income tax expense	365,919	53,929
Gain on investments in associates and joint ventures, net	(34,612)	(170,980)
Interest income	(45,926)	(1,298)
Dividends income	(21,126)	(19,779)
Gain on foreign currency translation	(252,547)	(323)
Gain on disposal of trade accounts receivable	(2,663)	-
Gain on transactions of derivatives	(134,506)	-
Gain on valuation of derivatives	(139,934)	(168)
Gain on disposal of available-for-sale financial assets	(27,886)	-
Gain on disposal of investments in associates and joint ventures	(7,043)	-
Gain on disposal of property, plant and equipment	(2,405)	(36)
Gain on disposal of intangible assets	(1,988)	-
Gain on disposal of investment properties	(52,808)	-
Others	76,916	3,663
Total	₩ 1,762,687	₩ (90,347)

(2) Details of working capital adjustments for the three months ended March 31, 2016 and 2015 are as follows (Korean won in millions):

	For the three months ended	
	March 31, 2016	March 31, 2015
Inventories	₩ 358,070	₩ 2,841
Trade accounts receivable	192,959	52,190
Other accounts receivable	(24,789)	(36,301)
Long-term trade accounts receivable	-	130
Trade accounts payable	(421,779)	(25,764)
Other accounts payable	(413,526)	48,336
Advance received	(9,228)	5,594
Defined benefit obligation	(37,770)	(8,927)
Plan assets	20,577	6,640
Others	69,909	(63,318)
Total	₩ (265,577)	₩ (18,579)

28. CASH FLOW INFORMATION (CONTINUED)

(3) Significant non-cash transactions for the three months ended March 31, 2016 and 2015 are as follows (Korean won in millions):

	For the three months ended	
	March 31, 2016	December 31, 2015
Acquisitions of investments in associates and joint ventures	₩ 58,860	₩ -
Increase (decrease) in other accounts payable related to acquisition of property, plant and equipment and intangible assets	(299,052)	538
Transfer of construction-in-progress to depreciable assets	289,212	-
Increase in other accounts receivable related to investment properties	(81,638)	-

29. COMMITMENTS AND CONTINGENCIES

(1) Guarantees provided for the Group as at March 31, 2016 are as follows (Korean won in millions and foreign currencies in thousands):

Guarantee	Guarantor	Currency	Amount	Description of guarantee	
SK Holdings Co., Ltd.	Korea Trade Insurance Corporation	USD	7,257	Guarantee of payment	
	The Export-Import Bank of Korea	VND	90,113,661	Guarantee of payment	
	Korea Software Financial Cooperative	USD	2,690	Performance guarantees for contract and others	
	Seoul Guarantee Insurance	KRW	381,810	Performance guarantees for contract and others	
SK Engineering & Construction Co., Ltd.	HSBC and others	KRW	1,133	Performance guarantees for contract and others	
		USD	1,335,094	Performance guarantees for overseas construction	
	KEB Hana Bank	EUR	4,050	Performance guarantees for overseas construction	
		SGD	77,648	Performance guarantees for overseas construction	
		INR	467,653	Performance guarantees for overseas construction	
		AED	107,429	Performance guarantees for overseas construction	
		KWD	141,717	Performance guarantees for overseas construction	
		QAR	400,303	Performance guarantees for overseas construction	
		TRY	14,527	Performance guarantees for overseas construction	
		SAR	769,988	Performance guarantees for overseas construction	
		THB	733,690	Performance guarantees for overseas construction	
		CAD	50,000	Performance guarantees for overseas construction	
		KZT	92,508	Performance guarantees for overseas construction	
		IDR	571,560	Performance guarantees for overseas construction	
		Shinhan Bank	USD	446,077	Performance guarantees for overseas construction
			VND	253,962,932	Performance guarantees for overseas construction
			THB	120,000	Performance guarantees for overseas construction
			SAR	59,983	Performance guarantees for overseas construction
			IDR	502,415	Performance guarantees for overseas construction
			USD	85,311	Performance guarantees for overseas construction
The Export-Import Bank of Korea	EUR	104,640	Performance guarantees for overseas construction		
	USD	762,235	Performance guarantees for overseas construction		
	SAR	606,104	Performance guarantees for overseas construction		
	USD	4,000	Performance guarantees for overseas construction		
	KRW	2,421,952	Housing guarantees and others		
	KRW	388,345	Performance guarantees for domestic construction		
SK Forest Co., Ltd.	Engineering Financial Cooperative Construction Guarantee Cooperative	KRW	585,419	Performance guarantees for domestic construction	
		KRW	1,923,726	Performance guarantees for domestic construction	
		KRW	19,486	Performance guarantees for contract and others	
Iberian Lube Base Oils S.A.	REPSOL Petroleo	KRW	14,638	Performance guarantees for contract and others	
		EUR	30,000	Performance guarantees for facility agreement	
		EUR	744	Performance guarantees for license fee	
		EUR	12,000	Guarantee of debt	

29. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Guarantee	Guarantor	Currency	Amount	Description of guarantee
SK Shipping Co., Ltd.	Seoul Guarantee Insurance	KRW	30,482	Performance guarantees for contract and others
	Bank of America	USD	817	Stand by L/C
KSF 34 International S.A.	The Export-Import Bank of Korea	USD	30,594	Performance guarantees for shipbuilding
	The Export-Import Bank of Korea	USD	16,348	Performance guarantees for shipbuilding
SHIKC 1 SHIPHOLDING S.A.	The Export-Import Bank of Korea	USD	72,835	Performance guarantees for shipbuilding
SHIKC 2 SHIPHOLDING S.A.	The Export-Import Bank of Korea	USD	72,835	Performance guarantees for shipbuilding
SK B&T PTE. LTD.	KEB Hana Bank	USD	1,100	Guarantee of liabilities
SK E&S Co., Ltd.	KEB Hana Bank	KRW	10,000	Guarantee for tariff
Yeongnam energy service Co., Ltd.	Seoul Guarantee Insurance	KRW	970	Guarantee of warranties and approval
Chonnam city gas Co., Ltd.	Seoul Guarantee Insurance	KRW	3,046	Guarantee of warranties
Pusan City Gas Co., Ltd.	Seoul Guarantee Insurance	KRW	1,025	Community energy service facility management, consignment operating agreement and others
Jeonbuk Energy Service Co., Ltd.	Seoul Guarantee Insurance	KRW	34	Performance guarantees and guarantee of warranties
Chungcheong energy service Co., Ltd.	Seoul Guarantee Insurance	KRW	676	Guarantee of warranties
Ko-one energy service Co., Ltd.	Seoul Guarantee Insurance	KRW	365	Performance guarantees for contract
PMP Co., Ltd.	Seoul Guarantee Insurance	KRW	1,629	Guarantee of approval
Narae energy service Co., Ltd.	Seoul Guarantee Insurance	KRW	67	Guarantees for contract
SK Telesys. Co., Ltd.	Seoul Guarantee Insurance	KRW	1,199	Guarantee of warranties and contract
SKC Airgas Co., Ltd.	Taiyo Nippon	KRW	7,500	Guarantee of debt
	Sanso Corporation			
SK Networks Co., Ltd.	KEB Hana Bank	USD	1,000	Payment guarantee of overseas procurement
		USD	9,177	Guarantees for standby letter of credit
		USD	421	Performance guarantees for contract
		KRW	10,000	Guarantee for tariff
		KRW	142	Guarantee for contract
SK Networks Service Co., Ltd. and others	Seoul Guarantee Insurance	KRW	6,271	Guarantee of warranties and others
	KB Insurance Co., Ltd.	KRW	8,585	Performance guarantees for contract
SK Telink Co., Ltd.	Seoul Guarantee Insurance and others	KRW	13,174	Performance guarantees for contract
SK Communications Co., Ltd.	PDCC and others	KRW	890	Guarantee of bonds provisional deposit and others
SK Planet Co., Ltd.	Seoul Guarantee Insurance	KRW	10,151	Guarantee for E-commerce and others
	KEB Hana Bank	KRW	3,972	Performance guarantees for contract
	Shinhan Bank	KRW	20,000	Guarantee of payment
SK Broadband Co., Ltd.	Seoul Guarantee Insurance	KRW	15,832	Guarantee of payment
PS&Marketing Corp.	Shinhan Bank	KRW	3,000	Performance guarantees for terminal payment
M & SERVICE Co., Ltd.	Seoul Guarantee Insurance	KRW	2,870	Guarantee of payment
SK Infosec Co., Ltd.	Korea Software Financial Cooperative	KRW	29,190	Guarantee of bid payment

In addition, SK Engineering & Construction Co., Ltd., a subsidiary of the Group, has been provided performance guarantees for domestic construction by other construction companies amounting to ₩755,908 million as at March 31, 2016.

(2) Guarantees provided to others as at March 31, 2016 are as follows (Korean won in millions and foreign currencies in thousands):

Guarantee	Guarantor	Currency	Amount	Description of guarantee
SK Engineering & Construction Co., Ltd.	SBC	KWD	3,021	Performance guarantees for contract and others
	Eurasia Tunnel	USD	10,000	Performance guarantees for contract
	Inport Co., Ltd.	KRW	240,500	Guarantees for project financing
	SDM Co., Ltd.	KRW	260,000	Guarantees for project financing
	Hwaseong Jung-nam general industrial complex	KRW	52,000	Guarantees for project financing
	Boxtree Co., Ltd. and others	KRW	362,193	Guarantees for redeemable preferred share investors
	Customers	KRW	666	Guarantee of payment
	Pohang Clean Water Co., Ltd. and others	KRW	47,700	Guarantee of payment

29. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Guarantee	Guarantor	Currency	Amount	Description of guarantee
SK Engineering & Construction Co., Ltd.	Kwangju Mareukchipyeong housing redevelopment maintenance business association	KRW	4,825	Guarantees for project financing
	Guseo Area II reconstruction maintenance business association	KRW	1,391	Guarantees for project financing
	Godeok Complex II apartment housing reconstruction maintenance business association	KRW	30,611	Guarantees for project financing
	Wangsimni Area III housing redevelopment maintenance business association	KRW	191,539	Guarantees for project financing
	Daeyeon Area VII housing redevelopment maintenance business association	KRW	72,870	Guarantees for project financing
	Mapo-ro Area VI city environment maintenance business association	KRW	23,878	Guarantees for project financing
	Shingil Area V Reconstruction maintenance business association	KRW	102,540	Guarantees for project financing
	Ung-am Area X housing redevelopment maintenance business association	KRW	13,383	Guarantees for project financing
	ArabiEnertech	KWD	821	Deposits
	SK Shipping Co., Ltd.	SS Triton A S.A (*1)	KRW	67,593
SS Triton B S.A (*1)		KRW	68,909	Guarantee of payment
Great Shale LNG Transport S.A.		KRW	239,306	Guarantee for shipbuilding
SK Networks Co., Ltd.	PT. SK Networks Indonesia	USD	1,500	Standing surety for investee
SK Innovation Co., Ltd.	Peru LNG S.R.L	USD	178,800	Guarantee of supplies and others
	Perupetro and others	USD	1,153	Guarantee of performance and others
SK Global Chemical Co., Ltd.	SABIC SK Nexlene Company Pte. Ltd.	USD	213,200	Guarantee of payment
Iberian Lube Base Oils S.A.	Cartagena city	EUR	2,478	Guarantee related to the refund of license fee
	Puertos del Estado	EUR	355	Guarantees for construction
	Renfe and others	EUR	37	Guarantee for installing facilities and others
SK E&S Co., Ltd.	Huang Gang SINO Gas Co., Ltd.	CNY	47,000	Guarantee of payment
	Boryeong LNG Terminal Co., Ltd.	KRW	200,000	Guarantee of payment
SKC Co., Ltd.	SKC-KOLON PI Co., Ltd.	KRW	-	Guarantees for project financing
SK Materials Co., Ltd.		USD	8,100	Guarantee for litigation
	Liaoning East Shine Chemical Technology Co., Ltd.	CNY	60,000	Guarantee for payment

(*1) Commitments of payment guarantees for certain rate of return and investment of USD 35,600,000 for the investing company, Shinhan Maritime 1st equity fund, an investor of SS Triton A S.A. and SS Triton B S.A.

In addition, SK Engineering & Construction Co., Ltd., a subsidiary of the Group, provides other construction companies with performance guarantees for domestic construction in the amount of ₩ 3,075,082 million as at March 31, 2016.

(3) Pending litigations

The Group's significant pending litigations as at March 31, 2016, in which the Group is a plaintiff, are as follows (Korean won in millions and foreign currencies in thousands):

Plaintiff	Defendant	Description	Claim amount	Status
SK Holdings Co., Ltd.	Youone TBM Engineering & construction Co., Ltd.	Claim for debt reorganization by principal creditor	KRW 2,480	First trial in progress
	Samsung Card Co., Ltd.	Claim for payment	KRW 2,961	First trial in progress
SK Forest Co., Ltd.	Seoul Special City and others	Claim for refund of payment construction	KRW 1,108	First trial in progress

29. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Plaintiff	Defendant	Description	Claim amount	Status
SK Incheon Petrochem Co., Ltd.	Seogu-office of Incheon Metropolitan City	Lawsuit for cancellation of amount borne by causers	KRW 7,318	Second trial in progress
SK Trading International Co., Ltd.	OW Bunker Middle East DMCC	Claim for payment	USD 25,680	First trial in progress
SK Telesys Co., Ltd.	Iijin Electric Co., Ltd.	Claim for payment	KRW 4,559	Third trial in progress
	Chun yang Networks Co., Ltd.	Claim for sales money	KRW 438	First trial in progress
	Alcatel-lucent Korea	Claim for payment	KRW 980	Second trial in progress
SK E&S Co., Ltd.	Jongno District Tax Office	Claim for annulment of assessments of corporate tax	KRW 221	First trial in progress
Ko-one Energy Service Co., Ltd.	IBK and others	Claim for trust and others	KRW 10,000	Second trial in progress
Narae energy service Co., Ltd.	Jeonbuk co-generation	Claim for payment	KRW 246	First trial in progress
SK Networks Co., Ltd.	GCK Co., Ltd.	Claim for return of money collected	KRW 1,267	First trial in progress
	Individual and others	Claim for repayment and others	KRW 249	First trial in progress and others
SK Networks Service Co., Ltd.	Individual and others	Claim for payment	KRW 3,267	First trial in progress and others
SK Networks (Shanghai) Co., Ltd.	Shangyi and others	Claim for payment	CNY 59,180	First trial in progress
SK Shipping Co., Ltd.	Emirate Trading Agency	Claim for termination of the contract	USD 8,000	Arbitration in progress
	MonjasaS.A and others	Litigation related to bunkering and others	USD 1,738	Second trial in progress and others
	Korea Line Corporation	Litigation for affirmation of non existence of debt and others	KRW 1,522	Second trial in progress
SK Shipping (Singapore) Pte. Ltd.	STShipping and others	Claim for payment and others	USD 3,352	First trial in progress and others
SK Shipping Europe Plc.	MOL	Lawsuit for employment	USD 175	Arbitration in progress
PS&Marketing Corp.	Individual and others	Claim for provisional attachment and others	KRW 732	First trial in progress and others
SK Engineering & Construction Co., Ltd.	K-Water Resources Corporation	Claim for payment	KRW 5,579	First trial in progress and others
	Korea Railroad Corporation	Claim for debt absence	KRW 4,140	Second trial in progress
	Korea Rail Network Authority	Claim for payment	KRW 2,358	Second trial in progress
	Fair Trade Committee	Claim for corrective order	KRW 7,412	First trial in progress
	Korea Hydro & Nuclear Power Co., Ltd.	Claim for payment	KRW 61,212	First trial in progress
	Korea Specialty Contractor			First trial in progress
	Financial Cooperative	Claim for payment	KRW 405	and others
	Dream Hub PFV	Claim for payment	KRW 11,087	First trial in progress
	Hanyang Co., Ltd.	Claim for payment	KRW 224	First trial in progress
	Myungsin Construction Co., Ltd. and others	Claim for payment	KRW 824	First trial in progress
	Busan Metropolitan City	Claim for payment of construction	KRW 12,353	First trial in progress
	Individual and others	Claim for liquidated damages and others	KRW 7,908	Second trial in progress

The Group's significant pending litigations as at March 31, 2016, in which the Group is a defendant, are as follows (Korean won in millions and foreign currencies in thousands):

Plaintiff	Defendant	Description	Claim amount	Status
Defense Acquisition Program Administration	SK Holdings Co., Ltd.	Claim for damages	USD 19,673	First trial in progress
Samsung Card Co., Ltd.		Claim for damages	KRW 1,458	First trial in progress
Logiscube Co., Ltd.		Claim for suspension of goods usage	-	First trial in progress
Tae Kwang Network Information and others		Claim for payment	KRW 1,450	Second trial in progress and others
Kim, yoon hee and 556 others	SK Incheon Petrochem Co., Ltd.	Claim for environmental damage	KRW 16,342	First trial in progress
Maxcom Co., Ltd.	SK Telesys Co., Ltd.	Claim for novation	KRW 44	First trial in progress
Alcatel lucent Korea Co., Ltd.		Claim for payment	KRW 2,374	Second trial in progress
Paju Foster agricultural company and others	PMP Co., Ltd.	Claim for compensation and others	KRW 676	Arbitration in progress and others
Kim, Jong-su	SK Networks Co., Ltd.	Claim for restitution of fraudulent gains	KRW 798	Second trial in progress

29. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Plaintiff	Defendant	Description	Claim amount	Status
DDI Network Co., Ltd. and others		Claim for compensation and others	KRW 612	First trial in progress and others
N Communcation Inc. and others	SK Networks Service Co., Ltd.	Claim for compensation and others	KRW 1,535	First trial in progress and others
Individual and others	SK Communications Co., Ltd.	Claim for compensation of personal data spill and others	KRW 1,127	First trial in progress and others
Mac Telecom Co., Ltd. and others	SK Broadband Co., Ltd.	Claim for counterindemnity and others	KRW 3,879	First trial in progress
M Seven System Limited	IRIVER LIMITED	Claim for damages due to non-fulfillment of obligation and illegal act	KRW 1,000	First trial in progress
Foxcom and others	Neos Networks Co., Ltd.	Claim for counterindemnity	KRW 57	First trial in progress
Individual and others	PS&Marketing Corp.	Litigation for affirmation of non-existence of debt and others	KRW 763	First trial in progress and others
Allianz	SK Shipping Co., Ltd.	Claim for cargo damage	CAD 966	Second trial in progress
LIG Insurance Co., Ltd.		Claim for restitution of fraudulent gains	KRW 7,877	Second trial in progress
CIEC Steels and others		Claim for cargo damage and others	USD 12,497	First trial in progress and others
Individual and others		Lawsuit for unpaid wages due to wrongful dismissal	KRW 930	Second trial in progress
Classic Maritime	SK Shipping Europe Plc	Claim for payment	USD 5,000	Arbitration in progress
SK Gas International Pte. Ltd. and others	SK Shipping (Singapore) Pte. Ltd.	Claim for cargo damage and others	USD 3,100	Arbitration in progress and others
Suwon Gwonseon Housing reconstruction business association	SK Engineering & Construction Co., Ltd.			
K-Water Resources Corporation		Claim for compensation	KRW 1,527	First trial in progress
Incheon Metropolitan City		Claim for compensation	KRW 5,004	First trial in progress
Son, Chang-woo and 49 others		Claim for compensation	KRW 32,088	Second trial in progress
Shin, Dong-woo and 806 others		Claim for payment of discrepancy	KRW 5,712	First trial in progress
Inlux and others		Claim for compensation	KRW 12,804	Second trial in progress
Jung, Hee-sung and 456 others		Claim for compensation	KRW 1,718	Second trial in progress
Samjung Construction Co., Ltd.		Claim for apartment	KRW 64,024	Third trial in progress
Korea credit Guarantee fund		Claim for payment	KRW 8,966	First trial in progress
Hyundai Engineering & Construction Co., Ltd.		Claim for payment	KRW 428	First trial in progress
RFC Co., Ltd		Claim for payment	KRW 5,115	First trial in progress
Suseong SK Leader's View Tower's resident		Claim for payment	KRW 1,000	Second trial in progress
Korea Rural Community Corporation		Claim for apartment	KRW 402	First trial in progress
Korea Land & Housing Corporation		Claim for counterindemnity	KRW 1,861	First trial in progress
Gangwondo Development Corporation		Claim for compensation	KRW 8,582	First trial in progress
Republic of Korea		Claim for payment	KRW 2,766	First trial in progress
Korea Gas Corporation		Claim for compensation	KRW 25,063	First trial in progress
Korea Rail Network Authority		Claim for compensation	KRW 108,000	First trial in progress
Individual and others		Claim for compensation	KRW 23,237	First trial in progress
		Claim for apartment and others	KRW 31,115	First trial in progress

(4) Commitments

- 1) In accordance with the Commercial Code of the Republic of Korea, the Company, SK Innovation Co., Ltd., SK Energy Co., Ltd., SK Global Chemical Co., Ltd., SK Lubricants Co., Ltd., SK Incheon Petrochem Co., Ltd. and SK Trading International Co., Ltd. are collectively responsible for any obligations of the Company arising before the spin-off. The Company and SK Biopharmaceuticals Co., Ltd. are collectively responsible for any obligations of the Company that occurred before the spin-off on April 1, 2011.
- 2) The Company entered into a contract to lease the headquarters building from National Agricultural Cooperative Federation ("NACF"), the trustee of Hana Daol Fund Management. Under the terms of the lease, the lease period is until March 28, 2021, and the Company has the preemptive right to purchase the building at the fair value when the lessor elects to dispose the property.

29. COMMITMENTS AND CONTINGENCIES (CONTINUED)

- 3) The Company holds IT outsourcing and IT system maintenance agreements to provide hardware and information systems maintenance and development service entered into between the Company and SK Group companies and others.
- 4) The Company entered into a contract with Gyeonggi province on May 31, 2011 to purchase land located in Pangyo Land Development District. The total agreement amount is ₩82,964 million (the Company's portion: ₩45,536 million (54.9%)), which will be used for the construction of urban infrastructure facilities ("designated purpose" of the land). The contract includes requirements to be complied with and restrictions in transfer of ownership of the land. Should there be non-compliance, the contract may be terminated or cancelled.
- 5) HPEIK V SGPS LDA participated in new share issue of SK Shipping Co., Ltd. in the amount of 21,132,075 shares (issue price per share: ₩5,300) during 2010, under the condition that it can exercise a put option when certain defined events occur. The issued and outstanding shares of the entity were acquired by D&D Strategic Growth Ltd. (88.75%) and Daewoo Securities (Hong Kong) Ltd. (11.25%) in 2014. The Company and SK Shipping Co., Ltd. are obligated to buy the shares back if D&D Strategy Growth Ltd. or HPEIK V SGPS LDA exercises its put option.

Details of the put option that the Group entered into are as below:

Classification	Description
Exercise condition	SK Shipping Co., Ltd. is not listed on the share market within six years after the paid-in capital increase, and others
Exercise price	Investment amount, plus compound annual interest of 6%
Obligator	Primary: SK Shipping Co., Ltd. Secondary: SK Holdings Co., Ltd.

As at March 31, 2016, the present value of this put option (₩151,727 million) is included in long-term borrowings (see Note 14).

- 6) SK Networks Co., Ltd., one of the subsidiaries, has entered into a long-term supply contract with MMX Mineracao e Metalicos S/A ("MMX"), an associate, at the time of acquiring its shares in 2010. The contract states the following: SK Networks Co., Ltd. receives the supply of iron ore in proportion to its initial percentage of ownership (14.59%); the contract is valid until SK Networks Co., Ltd. holds more than one-fourth of ownership and does not dispose of more than half the shares initially acquired; SK Networks Co., Ltd. can transfer its shares only to shareholders with more than one-fifth of ownership; and if EBX Group, the parent company of MMX, decides to dispose of its shares in MMX, SK Networks Co., Ltd. may also dispose in equal proportion, as long as the EBX Group remains the largest shareholder of MMX.
- 7) SK Networks Co., Ltd., one of the subsidiaries, has committed that if the manganese development in relation to the development of the complex mine in Boleo, Mexico fails, Korea Boleo Corporation, S.A.de C.V. ("KBC") receives USD10,000 thousand (USD1,667 thousand for SK Networks Co., Ltd.) for acquiring shares from Minera Metalurgica del Boleo, S.A. de C.V. ("MMB"), and if the manganese development is successful, KBC pays USD13,000 thousand (USD2,167 thousand for SK Networks Co., Ltd.) additionally for acquiring shares to MMB.
- 8) SK E&S LNG, LLC, one of the subsidiaries, is scheduled to be provided with liquefaction service amounting to 115 million MMBtu per year for 20 years from FLNG Liquefaction 3, LLC, which plans to operate natural gas liquefaction plants in Texas starting from 2019. As at March 31, 2016, SK E&S Co., Ltd., one of the subsidiaries, is responsible for performance guarantee in case of SK E&S LNG, LLC's inability to make payments for service or for claims against breach of obligation. In regard to this, the Company provides performance guarantee for SK E&S Co., Ltd.'s guarantee.

29. COMMITMENTS AND CONTINGENCIES (CONTINUED)

9) As at March 31, 2016, details of contracts about subsidiaries of SK E&S Co., Ltd. are as follows:

Description of contract	Name of subsidiaries	Contract opponent	Term of contract
Contract for the long-term supply of natural gas (*1)	Kangwon City Gas Co., Ltd. and seven others	Korea Gas Corporation	-
Contract of supply for natural gas	SK E&S Co., Ltd.	Tanggung PSC Contractor Parties	2006.01–2025.12
Contract for the repair and maintenance of gas turbine	SK E&S Co., Ltd.	GE International Inc.	2004.06–2026.12 (estimated)
Contract for the storage and vaporization service of natural gas	SK E&S Co., Ltd.	POSCO Co., Ltd.	2005.06–2025.12
Rental contract of the plant and tower site	SK E&S Co., Ltd.	POSCO Co., Ltd.	2003.08–2028.12
Contract for the owner's engineering service	PMP Co., Ltd.	Black&Veatch Corporation	2014.07–2017.05
Contract for the long-term maintenance program	PMP Co., Ltd.	Siemens Co., Ltd.	2014.06–2031.06 (estimated)
Contract for work on heat peak load boiler	Wirye energy service Co., Ltd.	Korea District Heating Corp.	Until the completion date of Peak Load Boiler construction
Contract for the long-term maintenance program	Wirye energy service Co., Ltd.	Siemens Co., Ltd.	2015.01–2032.01 (estimated)
Contract for the long-term maintenance program	Narae energy service Co., Ltd.	Doosan Heavy Industries & Construction Co., Ltd.	from 2012, 12 years
Contract for the storage and vaporization service of natural gas	Wirye energy service Co., Ltd. and PMP Co., Ltd.	Boryeong LNG Terminal	from 2017, 20 years
Contract for the liquefaction and storage of natural gas	SK E&S LNG, LLC	FLNG Liquefaction 3, LLC	from 2019, 20 years
Contract for the use pipeline of natural gas	SK E&S LNG, LLC	Kinder Morgan, Inc.	from 2019, 20 years
Contract of supply for natural gas	SK LNG Trading Pte. Ltd. and others	Chevron Australia Pty Ltd.	2017.01–2022.03

(*1) Supply quantity is determined annually, and a supply price is authorized by the Ministry of Trade, Industry and Energy.

10) As at March 31, 2016, details of construction contracts about subsidiaries of SK E&S Co., Ltd. are as follows (Korean won in millions):

Description of contract	Name of subsidiaries	Contract opponent	Term of contract	Contract
Contract for the supervisory service	Wirye energy service Co., Ltd.	OSUN Engineering Co., Ltd.	2014.12–2017.03	₩ 2,841
Contract for the heating, plumbing construction	Wirye energy service Co., Ltd.	DkeyyoungEnertech Co., Ltd. and others	2013.10–2016.12	16,925
Contract for the transmission access construction	Wirye energy service Co., Ltd.	Korea Electric Power Corporation	2015.02–2017.03	8,470
Contract for the construction Of LNG plumbing supplies	Wirye energy service Co., Ltd.	Hanyang ENG Co., Ltd.	2015.07–2016.12	21,186
Contract for the heating, plumbing construction	Narae energy service Co., Ltd.	Jungho E&C Co., Ltd and others	2015.03–2016.12	34,958
Contract for the construction management services	PMP Co., Ltd.	Humantech Korea Engineering Co., Ltd.	2014.10–2017.04	4,416
Contract for the transmission access construction	PMP Co., Ltd.	Korea Electric Power Corporation	2015.03–2016.06	52,350

11) As at March 31, 2016, details of material contracts of resource development by the subsidiaries of SK E&S Co., Ltd. are as follows (foreign currencies in thousands):

Description of contract	Name of subsidiary	Contract opponent	Equity ownership	Contract amount	Executive amount
Barossa-Caldita, Australia	SK E&S Australia Pty. Ltd.	ConocoPhillips Company and others	37.5%	USD 310,000	USD 275,764
Woodford, USA	Dew Blaine Energy, LLC	Continental Resources, Inc	49.9%	USD 360,000	USD 150,382

SK E&S Co., Ltd., a subsidiary of the Company, has an obligation to pay for the development costs based on the equity ownership.

29. COMMITMENTS AND CONTINGENCIES (CONTINUED)

- 12) SK Shipping Co., Ltd., one of the subsidiaries, has contracted with CHAMPION SHIPHOLDING S.A. and others for Bare Boat Charter Hire Purchase ("BBCHP") of about 57 boats. Outstanding boat purchase amount as at March 31, 2016 is USD 2,367,254 thousand (Korean won equivalent: ₩ 2,730,627 million) and is included in long term other accounts payable.
- 13) SK Shipping Co., Ltd., one of the subsidiaries, has leased ships by Time Charter. Total payables of the ship charter amounts to ₩770,505 million as at March 31, 2016.
- 14) SK Shipping Co., Ltd., one of the subsidiaries, has entered into a long-term transportation contract to transport liquefied natural gas, liquefied petroleum gas and coal with SK Energy Co., Ltd., SK Gas Co., Ltd., Korea Gas Corporation, Korea Southern Power Co., Ltd., Korea East-West Power Co., Ltd., Korea Western Power Co., Ltd. and Korea Midland Power Co., Ltd.
- 15) As at March 31, 2016, SK Shipping Co., Ltd., one of the subsidiaries, has 44,000,000 shares (55%) of SK B&T Pte. Ltd. ("SK B&T") after disposal of 36,000,000 shares (45%) of SK B&T to Atlantic Starr Ltd. Out of 44,000,000 shares, 3,999,999 shares are provided as trust asset under the securities trust agreement (First Beneficiary: Atlantic Starr Ltd. / trustee: Korea Development Bank), and 40,000,001 shares are pledged as collaterals for Atlantic Starr Ltd. as secured party.
- 16) On July 8, 2013, SK Incheon Petrochem Co., Ltd., one of the subsidiaries, issued new preferred shares by third-party allocation method to Shinhan Stonebridge Petro Private Equity Fund ("Investor"). In regard to this new issuance of preferred shares, the agreement between SK Innovation and the investor includes the following essential particulars:
- Investors' drag-along right and tag-along right
 - SK Innovation's preemption right for the exercised Investors' drag-along right
 - Restriction on disposal of shares under certain conditions
- 17) On November 2, 2015, the board of directors of SK Telecom Co., Ltd., a subsidiary of the Group, decided to acquire 23,234,060 shares of CJ HelloVision Co., Ltd., held by CJ O Shopping Co., Ltd for ₩500 billion, and entered into a contract to buy or sell shares of CJ O Shopping CO. Ltd. on that date. According to the contract of sales of shares, SK Telecom Co., Ltd. will provide put options (exercise period: for 2 years from 3 years after the last trading date) for a part or all of remaining shares (18,522,244 shares) of CJ HelloVision Co., Ltd. held by CJ O Shopping on the last trading date, and SK Telecom Co., Ltd. will be given call options (exercise period: for 5 years after the last trading date). Additionally, the board of directors of SK Broadband Co., Ltd., a subsidiary of SK Telecom Co., Ltd., decided to merge with CJ HelloVision Co., Ltd., and SK Broadband Co., Ltd. entered into a contract for merger on that date. Such merger is subject to preconditions as follows: 1) approval from the board of directors and government agency is granted, 2) no laws is in force as to prohibit or restrict a merger, 3) the share purchase contract between CJ O Shopping Co., Ltd. and the Group ends on/before the date of the merger.
- SK Broadband Co., Ltd., a subsidiary of SK Telecom Co., Ltd. is scheduled to be merged with CJ HelloVision Co., Ltd. However, the approval procedure undertaken by the government agency related to the acquisition of the voting shares are not completed, and as such, the last trading date can be modified only if preconditions of the contract including approval of government agency are satisfied.

(5) Others

As at March 31, 2016, 110 notes (including 104 blank notes) and 50 blank checks are provided to financial institutions as collateral for borrowings.

30. PLEDGED ASSETS

The following assets were pledged as collateral for the Group's borrowings and others as at March 31, 2016 (Korean won in millions and foreign currencies in thousands):

Company	Asset	Currency	Collateralized amount	Provided to	Description
SK Innovation Co., Ltd.	Investments in associates	KRW	292,426	Peru LNG S.R.L. and others	Collateral for project financing
	Investments in associates	KRW	226,605	Yemen LNG Company and others	Collateral for project financing
	Property, plant and equipment	KRW	3,300	Seosan city	Location deposits
SK Lubricants Co., Ltd.	Investments in associates	USD	59,452	PT. Bank BNP Paribas Indonesia	Collateral for project financing
Netruck Co., Ltd.	Property, plant and equipment	KRW	4,500	Shinhan Bank and others	Collateral for borrowing
SK Incheon Petrochem Co., Ltd.	Property, plant and equipment	KRW	30,000	Korea Development Bank	Collateral for borrowing
PT.Patra SK	Property, plant and equipment	USD	121,475	Korea Development Bank	Collateral for project financing
SK Holdings Co., Ltd.	Property, plant and equipment	KRW	1,700	RCI Financial Service Korea	Guarantee of implementation of the agreement
Seosuwon Development Company	Investment property	KRW	195,000	New West Village and others	Collateral for borrowing
SK Engineering & Construction Co., Ltd.	Available-for-sale financial assets and others	KRW	92,826	Korea Housing Guarantee Co., Ltd. and others	Performance guarantees for contract and others
	Investment property	KRW	86,800	Kookmin Bank and others	Collateral for borrowing
Thai Woo Ree Engineering Company Ltd.	Property, plant and equipment	KRW	7,855	SCB	Collateral for borrowing
SKC Co., Ltd.	Property, plant and equipment and others	KRW	200,000	Korea Development Bank and others	Collateral for borrowing
	Investment property	KRW	74,104	SKC Haas Display film Pty Ltd.	Leasehold deposits
SK Telesys Co., Ltd.	Property, plant and equipment	KRW	19,500	KDB Capital Corporation and others	Collateral for borrowing
SKC Airgas Co., Ltd.	Property, plant and equipment	KRW	77,968	Kyungnam Bank and others	Collateral for borrowing
SKC Solmics Co., Ltd.	Short-term financial instruments	KRW	2,200	KEB Hana Bank and others	Collateral for borrowing
	Property, plant and equipment	KRW	123,960	Industrial Bank of Korea and others	Collateral for borrowing
Bioland Co., Ltd.	Property, plant and equipment	KRW	40,500	Korea Development Bank	Collateral for borrowing
SKC, Inc.	Inventories and trade accounts receivable	USD	75,020	Korea Development Bank and others	Collateral for borrowing
SK Networks Co., Ltd.	Property, plant and equipment and others	KRW	359,771	Korea Development Bank and others	Collateral for sales and others
	Property, plant and equipment	USD	8,700	Korea Development Bank	Collateral for sales and others
SK Pinx Co., Ltd	Property, plant and equipment and investment property	KRW	50,400	Kookmin Bank and others	Collateral for borrowing
Shenyang SK Bus Terminal Co., Ltd.	Property, plant and equipment	CNY	137,820	KEB Hana Bank	Collateral for borrowing
SK Networks Hong Kong Ltd.	Others	USD	269	60 West Suites Hotel Ltd. Cheung Kong Property Holdings Ltd.	Leasehold deposits
SK E&S Co., Ltd.	Investments in joint ventures	KRW	96,762	Woori Bank and others	Collateral for project financing
	Investments in subsidiaries	KRW	186,281	Korea Development Bank and Woori Bank	Collateral for borrowing
	Investments in subsidiaries	KRW	931,046	Korea Development Bank and others	Collateral for project financing
Kangwon City Gas Co., Ltd.	Property, plant and equipment	KRW	4,379	Korea Development Bank	Collateral for borrowing
Pusan City Gas Co., Ltd.	Investment property	KRW	3,933	Megamart and others	Leasehold deposits
PMP Co., Ltd.	Property, plant and equipment and others	KRW	108,486	Korea Development Bank and others	Collateral for project financing
Chonnam City Gas Co., Ltd.	Property, plant and equipment	KRW	220	Kwangju Bank and others	Leasehold deposits
Narae energy service Co., Ltd.	Property, plant and equipment and others	KRW	487,202	Woori Bank and others	Collateral for borrowing
SK Shipping Co., Ltd.	Property, plant and equipment and others	USD	2,065,299	KDB Asia Ltd. and others	Deposits for purchasing ship and others
	Investments in subsidiaries	USD	59,303	Atlanticstar Ltd.	Disposal of shares of SK B&T
SK Shipping (Singapore) Pte. Ltd.	Property, plant and equipment	USD	108,998	KDB Asia Ltd and others	Deposits for purchasing ship and others
KSF 34 International S.A.	Property, plant and equipment	USD	15,153	KDB Asia Ltd and others	Deposits for purchasing ship
SHIK 1 SHIPHOLDING S.A.	Property, plant and equipment	USD	63,707	KDB Asia Ltd and others	Deposits for purchasing ship
SHIK 2 SHIPHOLDING S.A.	Property, plant and equipment	USD	63,890	KDB Asia Ltd and others	Deposits for purchasing ship
SK Shipping Europe Plc.	Property, plant and equipment	USD	58,677	KDB Asia Ltd and others	Deposits for purchasing and others

29. PLEDGED ASSETS (CONTINUED)

Company	Asset	Currency	Collateralized amount	Provided to	Description
SK Broadband Co., Ltd.	Property, plant and equipment	KRW	8,814	KEB Hana Bank and others	Restricted real rights for office lease
	Short-term financial instruments	KRW	1,075	KEB Hana bank and NH Bank	Collateral for loan
SKY Property Management Ltd.	Investment property	USD	17,780	KEB Hana Bank and others	Collateral for borrowing
	Others	USD	55,366	KEB Hana Bank and others	Collateral for borrowing
SK Materials Co., Ltd.	Property, plant and equipment	KRW	27,170	LG Display Co., Ltd.	Collateral for advance received
		KRW	137,000	Korea Development Bank	Collateral for borrowing
		USD	3,500	Korea Development Bank	Collateral for borrowing
		JPY	3,690,000	Korea Development Bank	Collateral for borrowing
		JPY	315,000	Hyakugo Bank	Collateral for borrowing
		TWD	50,000	Mega Bank	Collateral for borrowing

30. GUARANTEES PROVIDED AMONG THE GROUP ENTITIES

Guarantees provided among the Group entities as at March 31, 2016 are as follows (Korean won in millions and foreign currencies in thousands):

Guarantor	Guarantee	Currency	Amount	Description of guarantee
SK Holdings Co., Ltd.	ESSENCORE Limited	USD	35,000	Guarantee of financial obligation
SK Holdings Co., Ltd. and SK Innovation Co., Ltd.	SK Shipping Co., Ltd.	USD	-	Charterage (*1)
SK Global Chemical Co., Ltd.	SK Global Chemical Investment	CNY	950,000	Payment guarantee for principal and interest of loan
	SK Ningbo Performance Rubber Co., Ltd.	USD	11,755	Guarantee of payment for license agreement
SK Lubricants Co., Ltd.	Iberian Lube Base Oils, S.A	EUR	1,735	Guarantee of deposit
		EUR	98,000	Guarantee of payment for facility agreement
SK Global Chemical (China) Holding Co., Ltd.	SK Global Chemical International Trading (Shanghai) Co., Ltd.	CNY	170,000	Guarantee of payment for credit limit acquisition
SK Engineering & Construction Co., Ltd.	Thai Woo Ree Engineering Company Ltd.	USD	9,000	Guarantee of debt and others
	Seosuwon Development Company	THB	320,000	Performance guarantees for contract and others
		KRW	195,000	Guarantees for project financing
	SKEC Anadolu EC Ltd.	USD	30,000	Increase in credit rating of overseas subsidiary
		KRW	45,000	Guarantee of financial obligation
	Sunlake Co., Ltd.	CAD	33,000	Payment guarantee to increase the credit rating of other business owner
SKC Co., Ltd.	SKC, Inc.	USD	175,000	Guarantee of payment
	SKC (Jiangsu) High Tech Plastics Co., Ltd.	USD	123,625	Guarantee of payment and others
		CNY	174,400	Guarantee of payment and others
	SK Telesys Co., Ltd.	KRW	40,000	Guarantee of financial obligation
	SKC Solmics Co., Ltd.	KRW	50,000	Guarantee for operation fund
SK Networks Co., Ltd.	SK Networks Deutschland GmbH	EUR	10,000	Standing surety for investee
	SK Networks Hong Kong Limited	USD	165,000	Standing surety for investee
	SK Networks (Shanghai) Co., Ltd.	USD	150,500	Standing surety for investee
		CNY	64,000	Standing surety for investee
	SK Networks Japan Co., Ltd.	JPY	2,100,000	Standing surety for investee
	SK Networks (Xiamen) Steel Proc	CNY	65,000	Standing surety for investee
	SK Rent-A-Car (Qingdao) Co., Ltd.	CNY	62,000	Standing surety for investee
	SK (Beijing) auto rental Co., Ltd.	CNY	20,000	Standing surety for investee
	SK (Shenyang) auto rental Co., Ltd. and others	CNY	78,000	Standing surety for investee
	SK (Guangzhou) Metal Co., Ltd.	USD	5,000	Standing surety for investee
		CNY	60,000	Standing surety for investee
SK Shipping Co., Ltd.	SK Shipping Europe Plc	USD	75,000	Guarantee for operation fund
		USD	64,575	Guarantee for derivative hedge
		JPY	6,599,351	Guarantee of payment
	SK Shipping Singapore Pte. Ltd.	USD	110,463	Guarantee of payment
		USD	113,000	Guarantee for operation fund
	SK Shipping Hongkong Ltd.	USD	2,000	Guarantee for operation fund
	Amber Shipholding S.A.	USD	11,250	Guarantee of payment
	Coral Shipholding International S.A.	USD	11,250	Guarantee of payment

31. GUARANTEES PROVIDED AMONG THE GROUP ENTITIES (CONTINUED)

Guarantor	Guarantee	Currency	Amount	Description of guarantee
	SK B&T Pte. Ltd.	USD	24,400	Guarantee for operation fund
		KRW	15,600	Guarantee for operation fund
	GaSan 2nd L.L.C.	KRW	40,006	Guarantee of payment
	KSF 34 International S.A.	USD	30,361	Guarantee of payment
	SHIKC 1 SHIPHOLDING S.A.	USD	135,265	Guarantee of payment
	SHIKC 2 SHIPHOLDING S.A.	USD	135,265	Guarantee of payment
	Blueseaocean 1st L.L.C	USD	30,000	Guarantee for derivative hedge
	Blueseaocean 2nd L.L.C	USD	40,000	Guarantee for derivative hedge
SK B&T Pte. Ltd.	Chuangdong 1 Marine Holdings Co., Ltd.	USD	9,327	Guarantee related to BBCHP
	Chuangdong 2 Marine Holdings Co., Ltd.	USD	9,297	Guarantee related to BBCHP
SK E&S Co., Ltd.	Caillip Gas Marketing, LLC	USD	211,000	Guarantee for derivative hedge
	SK E&S Australia Pty. Ltd.	USD	450,000	Payment guarantee for principal and interest of borrowings
	PMP Co., Ltd.	KRW	530,000	Payment guarantee for principal and interest of bonds payable
SK E&S Co., Ltd.	Wirye energy service Co., Ltd.	KRW	520,000	Payment guarantee for principal and interest of borrowings
	Narae energy service Co., Ltd.	KRW	20,000	Payment guarantee for principal and interest of borrowings
	Dew Blaine Energy, LLC	USD	360,000	Guarantee for contracts
SK Materials Co., Ltd.	SK Materials (Jiangsu) Co., Ltd.	CNY	151,800	Guarantee for borrowings
		USD	35,000	Guarantee for borrowings
	SK Materials Taiwan Co., Ltd.	USD	3,224	Guarantee for borrowings
	SK Materials Japan Co., Ltd.	JPY	348,000	Guarantee for borrowings

(*1) The fair value of the vessels owned by SK Shipping Co., Ltd. is deducted from the total guarantee amount of ₩175,796 million.

32. FINANCIAL RISK MANAGEMENT

Regarding financial instruments, the Group is exposed to a variety of financial risks: credit, liquidity and market. This note presents information related to risk exposures of the Group and the main objective, strategy, evaluation of risk, management process and capital management. Additional quantitative information is stated throughout the condensed consolidated financial statements.

1. Financial Risk Management

a. Risk management activities

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The risk management committee reports regularly to the board of directors on its activities. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group audit committee.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

b. Credit risk

Credit risk is the risk of financial loss of the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. In addition, the maximum exposure to credit risk as at March 31, 2016 and December 31, 2015 is as follows (Korean won in millions):

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Financial assets at fair value through profit or loss	₩ 113,211	₩ 115,714
Held-to-maturity investments	945	960
Loans and receivables	24,280,072	22,723,160
Available-for-sale financial assets	49,834	51,736
Derivatives designated as hedging instruments	250,027	354,067
Total	<u>₩ 24,694,089</u>	<u>₩ 23,245,637</u>

On the other hand, the Group has provided payment guarantees for others, including related parties, associates and others. The Group, due to its payment guarantees, is exposed to credit risk (see Note 29).

1) Trade and other accounts receivable

The Group recognizes a provision for losses expected to be incurred for receivables and others. This provision consists of specific impairment losses for individually significant items, and impairment losses have not yet been identified the occurrence of a group of financial assets with similar characteristics. Provision of a group of financial assets has been determined based on historical data for similar collection of financial assets.

The Group enters into transactions only with customers that are credit worthy. Credit quality of a customer is assessed based on an extensive credit rating scored and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and credit quality may be adjusted to reflect the appropriate appetite of credit risk in accordance with the Group's risk management policies.

2) Guarantee

SK Engineering & Construction Co., Ltd., one of the subsidiaries, offers payment guarantees for loans of project financing. The financing liabilities related to the payment guarantees recognized amounts of ₩8,297 million as at March 31, 2016. The Group recognizes the financial guarantee liabilities related to the payment guarantees contracted with the Group, such as SK Engineering & Construction Co., Ltd., as at March 31, 2016 and December 31, 2015 is as follows (Korean won in millions):

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
SK Innovation Co., Ltd.	₩ 2,035	₩ 2,199
SK Engineering & Construction Co., Ltd.	8,297	7,917
SK Shipping Co., Ltd.	2,968	1,960
SK Materials Co., Ltd.	7,352	-
Total	<u>₩ 20,652</u>	<u>₩ 12,076</u>

In addition, the Group has provided payment guarantees for others, including subsidiaries and others. The Group, due to its payment guarantees, is exposed to credit risk (see Notes 29 and 31).

3) Other financial assets

Credit risk arising from other financial assets consists of long-term and short-term financial instruments, occurrence of trade opponent arising from the bankruptcy, etc. In this case, the credit risk exposure of the Group will be the same as the book value of the maximum applicable financial instruments. On the other hand, the management of the Group's credit rating, because it is excellent to deal with financial institutions, is judged to have limited impact on the credit risk of the financial institutions of the Group.

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

c. Liquidity risk

Liquidity risk is the risk that the Group encounters difficulty in meeting the obligations of the financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The contractual maturity of financial liabilities as at March 31, 2016 is as follows. Amounts include interests paid and recognized at gross amounts (Korean won in millions):

	Book value	Contractual cash flow	Less than 3 months	3~12 months	1~5 years	More than 5 years
Loans and borrowings	₩ 7,531,976	₩ 8,090,936	₩ 2,105,503	₩ 2,444,475	₩ 2,909,721	₩ 631,237
Bonds	24,820,898	26,354,885	1,005,003	3,058,799	15,832,307	6,458,776
Derivative financial liabilities	210,000	210,000	54,837	35,853	113,903	5,407
Trade accounts payable	6,901,527	6,901,527	6,627,394	274,133	-	-
Other liabilities	8,368,252	8,791,361	3,897,474	1,109,200	1,853,812	1,930,875
Total	₩ 47,832,653	₩ 50,348,709	₩ 13,690,211	₩ 6,922,460	₩ 20,709,743	₩ 9,026,295

d. Market risk

Market risk is the fluctuating risk in fair value of the financial instruments or future cash flows caused by the changes in market price. Market risk consists of currency risk, interest rate risk, crude oil and petroleum product price risk, and others. The fundamental goal of market price management is the maximization of the profit and the limit of the exposure to market risk within an acceptable level. The Group sells and purchases financial derivatives and financial instruments or financial liabilities for the purpose of controlling the market risk. In general, the Group applies hedge accounting in order to minimize the volatility of profit.

1) Currency risk

The Group is exposed to foreign currency risk arising from sales and purchases denominated in currencies other than functional currency. Main currencies used for these transactions are USD, JPY, CNY and EUR.

Details of foreign currencies and liabilities as at March 31, 2016 and December 31, 2015 are as follows (Korean won in millions and foreign currencies in thousands):

	Currency	March 31, 2016		December 31, 2015	
		Foreign currencies	Korean won equivalent	Foreign currencies	Korean won equivalent
Assets	USD	4,587,539	₩ 5,276,435	3,605,232	₩ 4,213,984
	JPY	25,694,444	234,203	22,810,659	221,769
	CNY	2,758,678	492,095	3,630,869	655,981
	EUR	67,846	87,706	98,023	125,535
	Others		139,152		190,833
Total			₩ 6,229,591		₩ 5,408,102
Liabilities	USD	7,557,753	₩ 8,553,056	7,342,262	₩ 8,544,316
	JPY	15,447,299	158,384	13,395,700	130,183
	CNY	1,156,838	206,609	1,583,031	285,797
	EUR	97,426	127,566	80,395	98,549
	Others		644,319		634,214
Total			₩ 9,689,934		₩ 9,693,059

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

Should the exchange rate of the aforementioned currencies fluctuate by 10%, the effects on equity would be as follows (Korean won in millions):

	March 31, 2016		December 31, 2015	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
USD	₩ (327,662)	₩ 327,662	₩ (433,033)	₩ 433,033
JPY	7,582	(7,582)	9,159	(9,159)
CNY	28,549	(28,549)	37,018	(37,018)
EUR	(3,986)	3,986	2,699	(2,699)

The Group is hedging currency risk by using derivative financial instruments such as currency swaps, currency forwards and others (see Note 18).

2) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group's management has entered into the foreign currency swap and interest rate swap contracts to manage its interest rate risk (see Note 18).

2. Capital risk management

The fundamental goal of capital management is to keep a sound financial structure. The Group is using the debt ratio, calculated as total debt divided by total amount of capital, as an indicator of capital management. The Group maintains a debt ratio of 142.15% as at March 31, 2016. The maturity of the debt is dispersed in the long term. As such, debt repayments are not demanding.

The Group's debt ratio as at March 31, 2016 and December 31, 2015 is as follows (Korean won in millions):

	March 31, 2016	December 31, 2015
Total liabilities	₩ 57,399,074	₩ 56,556,559
Total equity	40,379,801	40,077,250
Debt ratio	142.15%	141.12%

33. BUSINESS COMBINATION

(1) General information

As at February 16, 2016, the Company acquired 49.1% of voting shares of SK Materials Co., Ltd (formerly, OCI Materials Co., Ltd.), which primarily engages in the manufacture and sale of special gas (NF₃, SiH₄, WF₆), from OCI Company Ltd. for a consideration of ₩470,332 million. The transaction was carried out for the purpose of developing a new line of business in the special gas market for semiconductor production, and such transaction was accounted for using the acquisition method. The interim consolidated financial statements comprise financial performance of SK Materials Co., Ltd. for the period from the acquisition date to the end of reporting period.

33. BUSINESS COMBINATION (CONTINUED)

(2) Identifiable assets acquired and liabilities assumed

1) Identifiable assets acquired and liabilities assumed due to the merger are as follows (Korean won in millions):

	Amount
Current assets:	₩ 197,414
Cash and cash equivalents	73,056
Trade accounts receivable and other accounts receivable	61,189
Inventories	61,650
Other current assets	1,519
Non-current assets:	865,528
Investments in associates and joint ventures	84
Property, plant and equipment	510,096
Intangible assets	354,546
Trade accounts receivable and other accounts receivable	783
Other non-current assets	19
Current liabilities:	162,187
Trade accounts payable and other accounts payable	50,906
Bonds payable and borrowings	88,461
Other current liabilities	22,820
Non-current liabilities:	215,468
Bonds payable and borrowings	114,104
Retirement benefit obligation	5,435
Deferred income tax liabilities	75,074
Other non-current liabilities	20,855
Fair value of identifiable net assets	₩ 685,287

2) Used valuation techniques for measurement at fair value of acquired significant assets and liabilities is as follow:

<u>Acquired Assets</u>	<u>Measurement of fair value</u>
<i>Property, plant and equipment and investment property</i>	Market approach or cost approach: The Group determines the fair value reflecting on the created price in the available market transactions of similar assets or on the replacement cost considering the appropriate functional and economic obsolescence as well as the physical deterioration degree.
<i>Intangible assets</i>	Relief from royalty method or multi-period excess earnings method: The Group determines the fair value of intangible assets by using relief from royalty method considering the royalty discount that is expected to be avoided by the retention of the patents or trademarks directly. And the Group also determines the fair value of intangible by using multi-period excess earnings method considering the present value of net cash flows that is expected to be generated from the customer relationship.
<i>Inventories</i>	The Group determines the fair value on the basis of a reasonable profit based on the effort required to complete or sell inventories and the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
<i>Bonds payable and borrowings</i>	The Group determines the fair value by discounting future cash flows at an effective interest rate that consider current credit rating at assessment date and spread applied to recently issued.

33. BUSINESS COMBINATION (CONTINUED)

(3) Goodwill

Goodwill for the business combination is as follows (Korean won in millions):

	<u>Amount</u>
a. The total consideration transferred	₩ 470,332
b. Fair value of proportionate share of acquired net assets	
Fair value of the net identifiable assets	685,287
Non-controlling interests (*1)	<u>(349,086)</u>
Sub-total	<u>336,201</u>
c. Goodwill (c=a-b)	<u>₩ 134,131</u>

(*1) Non-controlling interests occurred due to the merger are measured in proportion to the non-controlling interest in net identifiable assets of the merged company.

(4) As at acquisition date (February 16, 2016), sales from operations of the acquired entity amounting to ₩ 34,270 million were included in the Group's consolidated financial statements for the three months ended March 31, 2016. If the business combination had taken place at the beginning of 2016, the Group's financial information for the three months ended March 31, 2016 would have been as follows (Korean won in millions):

	<u>Amount</u>
Sales	₩ 20,737,028
Cost of sales and selling and administrative expenses	<u>19,200,892</u>
Operating income	1,536,136
Financial income (costs) and other non-operating income (expenses) and others	<u>451,026</u>
Profit for the period	<u>₩ 1,085,110</u>