

UMPQUA HOLDINGS CORP
Form 8-K
April 22, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934

Date of Report: April 21, 2014

(Date of earliest event reported)

Umpqua Holdings Corporation

(Exact Name of Registrant as Specified in Its Charter)

OREGON

(State or Other Jurisdiction of Incorporation or Organization)

001-34624

(Commission File Number)

93-1261319

(I.R.S. Employer Identification Number)

One SW Columbia Street, Suite 1200

Portland, Oregon 97258

(address of Principal Executive Offices)(Zip Code)

(503) 727-4100

(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 2.02 Results of Operations and Financial Condition.

On April 21, 2014, Umpqua Holdings Corporation issued a press release announcing first quarter 2014 financial results. The release is attached hereto as Exhibit 99.1.

Financial Statements and Exhibits.

Item 9.01

EXHIBITS

(d)

99.1 Press Release announcing first quarter 2014 financial results dated April 21, 2014

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

UMPQUA HOLDINGS CORPORATION

(Registrant)

By: /s/ Andrew H. Ognall

Dated: April 22, 2014 Andrew H. Ognall

Assistant Secretary

Payments of dividends

(706,092) (668,494)

Payments of interest on hybrid bond

(8,420) (8,420)

Cash outflows related to equity interest transactions

(218,178)

Sub-total

(1,647,598) (1,582,772)

Net cash used in financing activities

(991,064) (607,681)

Net increase in cash and cash equivalents

96,309 425,449

Cash and cash equivalents at beginning of the period

768,922 834,429

Effects of exchange rate changes on cash and cash equivalents

(6,009) 3,870

Cash and cash equivalents at end of the period

~~₩859,222~~ 1,263,748

See accompanying notes to the condensed consolidated interim financial statements.

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the nine-month periods ended September 30, 2016 and 2015

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

SK Telecom Co., Ltd. (the Parent Company) was incorporated in March 1984 under the laws of the Republic of Korea (Korea) to provide cellular telephone communication services in Korea. The Parent Company mainly provides wireless telecommunications services in Korea. The Head office of the Parent Company is located at 65, Eulji-ro, Jung-gu, Seoul, Korea.

The Parent Company's common shares and depositary receipts (DRs) are listed on the Stock Market of Korea Exchange, the New York Stock Exchange and the London Stock Exchange. As of September 30, 2016, the Parent Company's total issued shares are held by the following shareholders:

	Number of shares	Percentage of total shares issued (%)
SK Holdings Co., Ltd.	20,363,452	25.22
National Pension Service, other institutional investors and other minority stockholders	50,245,708	62.23
Treasury stock	10,136,551	12.55
	80,745,711	100.00

These condensed consolidated interim financial statements comprise the Parent Company and its subsidiaries (together referred to as the Group and individuals as Group entities). SK Holdings Co., Ltd. is the ultimate controlling entity of the Parent Company.

(2) List of subsidiaries

The list of subsidiaries as of September 30, 2016 and December 31, 2015 is as follows:

Subsidiary	Location	Primary business	Ownership (%)	
			September 30, 2016	December 31, 2015
SK Telink Co., Ltd.	Korea	Telecommunication and MVNO(Mobile Virtual Network	83.5	83.5

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		Operator) service		
M&Service Co., Ltd.(*8)		Database and internet website service	100.0	100.0
	Korea			
SK Communications Co., Ltd.	Korea	Internet website services	64.5	64.5
Stonebridge Cinema Fund	Korea	Investment	55.2	55.2
Commerce Planet Co., Ltd.(*7)		Online shopping mall operation agency		100.0
	Korea			
SK Broadband Co., Ltd.(*1)	Korea	Telecommunication services	100.0	100.0
K-net Culture and Contents Venture Fund	Korea	Investment	59.0	59.0
Fitech Focus Limited Partnership II	Korea	Investment	66.7	66.7
Open Innovation Fund	Korea	Investment	98.9	98.9
PS&Marketing Corporation		Communications device retail business	100.0	100.0
	Korea			
Service Ace Co., Ltd.		Customer center management service	100.0	100.0
	Korea			
Service Top Co., Ltd.		Customer center management service	100.0	100.0
	Korea			
Network O&S Co., Ltd.	Korea	Base station maintenance service	100.0	100.0

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the nine-month periods ended September 30, 2016 and 2015

1. Reporting Entity, Continued

(2) List of subsidiaries, Continued

The list of subsidiaries as of September 30, 2016 and December 31, 2015 is as follows, Continued:

Subsidiary	Location	Primary business	Ownership (%)	
			September 30, 2016	December 31, 2015
SK Planet Co., Ltd.(*6)	Korea	Telecommunication service	98.1	100.0
Neosnetworks Co.,Ltd.(*2)	Korea	Security systems service	83.9	83.9
IRIVER LIMITED(*3)	Korea	Manufacturing digital audio players and other portable media devices.	48.9	49.0
iriver Enterprise Ltd.(*9)	Hong Kong	Management of Chinese subsidiaries	100.0	100.0
iriver America Inc. (*9)	USA	Marketing and sales in North America	100.0	100.0
iriver Inc. (*9)	USA	Marketing and sales in North America	100.0	100.0
iriver China Co., Ltd. (*9)	China	Sales and manufacturing MP3 and 4 in China	100.0	100.0
Dongguan iriver Electronics Co., Ltd. (*9)	China	Sales and manufacturing e-book in China	100.0	100.0
groovers Japan Co., Ltd. (*9)	Japan	Digital music contents sourcing and distribution service	100.0	100.0
SK Telecom China Holdings Co., Ltd.	China	Investment	100.0	100.0
SK Global Healthcare Business Group., Ltd.	Hong Kong	Investment	100.0	100.0
SK Planet Japan, K. K.(*8)	Japan	Digital contents sourcing service	100.0	100.0
SKT Vietnam PTE. Ltd.	Singapore	Telecommunication service	73.3	73.3
SK Planet Global PTE. Ltd. (*8)	Singapore	Digital contents sourcing service	100.0	100.0
SKP GLOBAL HOLDINGS PTE. LTD.(*8)	Singapore	Investment	100.0	100.0
SKT Americas, Inc.	USA		100.0	100.0

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		Information gathering and consulting		
SKP America LLC. (*8)	USA	Digital contents sourcing service	100.0	100.0
YTK Investment Ltd.	Cayman	Investment	100.0	100.0
Atlas Investment	Cayman	Investment	100.0	100.0
SK Telecom Innovation Fund, L.P. (formerly, Technology Innovation Partners, LP.) (*5)	USA	Investment	100.0	100.0
SK Telecom China Fund I L.P.	Cayman	Investment	100.0	100.0
Entrix Co., Ltd.	Korea	Cloud streaming services	100.0	100.0
SK techx Co., Ltd.(*7)	Korea	System software development and supply	100.0	
One Store Co., Ltd.(*7)	Korea	Telecommunication service	65.5	

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the nine-month periods ended September 30, 2016 and 2015

1. Reporting Entity, Continued

(2) List of subsidiaries, Continued

The list of subsidiaries as of September 30, 2016 and December 31, 2015 is as follows, Continued:

Subsidiary	Location	Primary business	Ownership (%)	
			September 30, 2016	December 31, 2015
shopkick Management Company, Inc. (*4,8)	USA	Investment	100.0	95.2
shopkick, Inc. (*8)	USA	Mileage-based online transaction application development	100.0	100.0
Planet11 E-commerce Solutions India Pvt. Ltd. (*7,8)	India	Electronic commerce platform service	100.0	
11street (Thailand) Co., Ltd. (*7,8)	Thailand	Electronic commerce	100.0	

(*1) On November 2, 2015, the board of directors of the Parent Company entered into a share purchase agreement to acquire 30% (23,234,060 shares) of the issued and outstanding common shares of CJ Hello Vision Co., Ltd. (CJ Hello Vision) from CJ O Shopping Co., Ltd. (CJ O Shopping) for an aggregate purchase price of ₩500,000 million. The agreement stated government s approval as prerequisite.

On November 2, 2015, the board of directors of SK Broadband Co., Ltd. (SK Broadband), a subsidiary of the Parent Company, approved the merger of SK Broadband into CJ Hello Vision, and then SK Broadband entered into a merger agreement with CJ Hello Vision with government s approval as prerequisite.

After the announcement of disapproval of proposed takeover of CJ Hello Vision by the Fair Trade Commission (FTC) on July 18, 2016, the Parent Company announced the revocation of share purchase agreement to CJ O Shopping while SK Broadband withdrew from merger agreement with CJ Hello Vision on July 25, 2016 as execution of the share purchase agreement with CJ O Shopping and merger agreement between SK Broadband and CJ Hello Vision became objectively impossible.

(*2) Due to the shareholders agreement which grants put option to the non-controlling shareholders, this entity is consolidated as a wholly owned subsidiary in the consolidated financial statements.

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- (*3) Although the Group has less than 50% of the voting rights of IRIVER LIMITED, the Group is considered to have control over IRIVER LIMITED since the Group holds significantly more voting rights than any other vote holder or organized group of vote holders, and the other shareholdings are widely dispersed.
- (*4) During the nine-month period ended September 30, 2016, the Group acquired all of the non-controlling interests in shopkick Management Company, Inc.
- (*5) Changed its name to SK Telecom Innovation Fund, L.P. during the nine-month period ended September 30, 2016.
- (*6) The ownership interest changed due to the shares issued to employee stock ownership association by SK Planet Co., Ltd. during the nine-month period ended September 30, 2016.

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the nine-month periods ended September 30, 2016 and 2015

1. Reporting Entity, Continued

(2) List of subsidiaries, Continued

The list of subsidiaries as of September 30, 2016 and December 31, 2015 is as follows, Continued:

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

(*8) The ownership interest owned by SK Planet Co., Ltd.

(*9) The ownership interest owned by IRIVER LIMITED.

(3) Condensed financial information of subsidiaries

Condensed financial information of subsidiaries as of and for the nine-month period ended September 30, 2016 is as follows:

(In millions of won)

Subsidiary	Total assets	Total liabilities	Total equity	Revenue	Profit (loss)
SK Telink Co., Ltd.	₩ 350,913	103,939	246,974	309,427	54,596
M&Service Co., Ltd.	96,647	47,601	49,046	121,327	3,427
SK Communications Co., Ltd.	139,911	30,079	109,832	44,345	(7,683)
SK Broadband Co., Ltd.	3,314,417	2,173,306	1,141,111	2,173,052	17,216
PS&Marketing Corporation	542,002	329,037	212,965	1,187,840	3,757
Service Ace Co., Ltd.	68,786	41,317	27,469	149,018	3,271
Service Top Co., Ltd.	60,506	41,020	19,486	140,643	4,075
Network O&S Co., Ltd.	63,748	29,246	34,502	154,165	4,968
SK Planet Co., Ltd.(*1)	1,978,957	753,330	1,225,627	886,138	94,457
IRIVER LIMITED(*2)	56,626	15,092	41,534	40,837	(6,454)
SKP America LLC.	385,930	3	385,927		1,065
SK techx Co., Ltd.	217,711	51,006	166,705	136,336	32,816
One Store Co., Ltd.	148,940	46,330	102,610	68,933	(11,584)
shopkick Management Company, Inc.	309,168		309,168		(85)
shopkick, Inc.	22,593	33,955	(11,362)	27,707	(29,445)

- (*1) The condensed financial information of SK Planet Co., Ltd. includes pre-merger income and expenses of Commerce Planet Co., Ltd. prior to the merger date of February 1, 2016.
- (*2) The condensed financial information of IRIVER LIMITED includes financial information of iriver Enterprise Ltd., iriver America Inc., iriver Inc., iriver China Co., Ltd., Dongguan iriver Electronics Co., Ltd. and groovers Japan Co., Ltd., subsidiaries of IRIVER LIMITED.

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the nine-month periods ended September 30, 2016 and 2015

1. Reporting Entity, Continued

(3) Condensed financial information of subsidiaries, Continued

Condensed financial information of subsidiaries as of and for the year ended December 31, 2015 is as follows:

(In millions of won)

Subsidiary	Total assets	Total liabilities	Total equity	Revenue	Profit (loss)
SK Telink Co., Ltd.	₩ 309,955	113,878	196,077	431,368	55,781
M&Service Co., Ltd.	89,452	42,414	47,038	143,255	5,549
SK Communications Co., Ltd.	152,496	35,014	117,482	80,147	(14,826)
SK Broadband Co., Ltd.	3,291,707	2,170,484	1,121,223	2,731,344	10,832
PS&Marketing Corporation	509,580	300,364	209,216	1,791,944	4,835
Service Ace Co., Ltd.	65,424	34,240	31,184	206,338	2,778
Service Top Co., Ltd.	61,897	38,482	23,415	197,092	4,396
Network O&S Co., Ltd.	77,426	48,069	29,357	210,676	6,466
SK Planet Co., Ltd.	2,406,988	784,631	1,622,357	1,624,630	(75,111)
IRIVER LIMITED(*)	60,434	12,377	48,057	55,637	635
SKP America LLC.	380,141		380,141		791
Entrix Co., Ltd.	30,876	3,186	27,690	4,895	(1,826)
shopkick Management Company, Inc.	306,248	7	306,241	7	(2,455)
shopkick, Inc.	25,388	32,243	(6,855)	33,851	(52,390)

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

(4) Changes in subsidiaries

The list of subsidiaries that were newly included in consolidation during the nine-month period ended September 30, 2016 is as follows:

Subsidiary	Reason
SK techx Co., Ltd.	Established by spin-off from SK Planet Co., Ltd., a subsidiary of the Parent Company.
One Store Co., Ltd.	Established by spin-off from SK Planet Co., Ltd., a subsidiary of the Parent Company.
Planet11 E-commerce Solutions India Pvt. Ltd.	Acquired by SK Planet Co., Ltd., a subsidiary of the Parent Company.
11street (Thailand) Co., Ltd.	Established from SK Planet Co., Ltd., a subsidiary of the Parent Company.

The following subsidiary was excluded from the Group during the nine-month period ended September 30, 2016:

Subsidiary	Reason
Commerce Planet Co., Ltd.	Merged into SK Planet Co., Ltd., a subsidiary of the Parent Company

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the nine-month periods ended September 30, 2016 and 2015

1. Reporting Entity, Continued

- (5) The information of significant non-controlling interests of the Group as of and for the nine-month period ended September 30, 2016, and as of and for the year ended December 31, 2015 is as follows. There were no dividends paid during the nine-month period ended September 30, 2016 and the year ended December 31, 2015 by the subsidiary of which non-controlling interests are significant.

<i>(In millions of won)</i>	September 30, 2016	
	SK Communications	
	Co., Ltd.	One Store Co., Ltd.
Ownership of non-controlling interests (%)	35.46	34.46
Current assets	₩ 81,161	106,247
Non-current assets	58,750	42,693
Current liabilities	(27,995)	(45,413)
Non-current liabilities	(2,084)	(917)
Net assets	109,832	102,610
Carrying amount of non-controlling interests	38,944	35,357
Revenue	₩ 44,345	68,933
Loss for the period	7,683	11,584
Total comprehensive loss	7,658	11,596
Loss attributable to non-controlling interests	2,724	3,127
Net cash provided by (used in) operating activities	₩ (4,273)	73,570
Net cash provided by investing activities	19,097	9,088
Net cash used in financing activities		(46)
Net increase in cash and cash equivalents	14,824	82,612

<i>(In millions of won)</i>	December 31, 2015	
	SK Communications	
	Co., Ltd.	
Ownership of non-controlling interests (%)	35.46	
Current assets	₩	95,662
Non-current assets		56,834
Current liabilities		(33,306)
Non-current liabilities		(1,708)

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Net assets		117,482
Carrying amount of non-controlling interests		41,659
Revenue	₩	80,147
Loss for the period		14,826
Total comprehensive loss		16,698
Loss attributable to non-controlling interests		5,254
Net cash used in operating activities	₩	(2,706)
Net cash provided by investing activities		8,723
Net cash provided by financing activities		
Net increase in cash and cash equivalents		6,017

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the nine-month periods ended September 30, 2016 and 2015

2. Basis of Preparation

(1) Statement of compliance

These condensed consolidated interim financial statements were prepared in accordance with K-IFRS No. 1034, *Interim Financial Reporting*, as part of the period covered by the Group's K-IFRS annual financial statements. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since December 31, 2015. These condensed consolidated interim financial statements do not include all of the disclosures required for full annual financial statements.

(2) Use of estimates and judgments

1) Critical judgments, assumptions and estimation uncertainties

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

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as of and for the year ended December 31, 2015.

2) Fair value measurement

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

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

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

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

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

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

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the nine-month periods ended September 30, 2016 and 2015

2. Basis of Preparation, Continued

(2) Use of estimates and judgments, Continued

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

Information about assumptions used for fair value measurements are included in Note 32.

3. Significant Accounting Policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as of and for the year ended December 31, 2015.

4. Operating Segments

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

(1) Details of the segment information as of and for the nine-month period ended September 30, 2016 are as follows:

(In millions of won)

Cellular services	Fixed-line Telecommunication	Others	Sub-total	Adjustments	Total
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	services					
Total revenue	₩ 10,923,701	2,482,479	1,394,602	14,800,782	(2,061,226)	12,739,556
Inter-segment revenue	1,205,079	489,279	366,868	2,061,226	(2,061,226)	
External revenue	9,718,622	1,993,200	1,027,734	12,739,556		12,739,556
Depreciation and amortization	1,661,941	411,535	96,166	2,169,642		2,169,642
Operating income (loss)	1,404,043	103,243	(273,497)	1,233,789		1,233,789
Finance income and costs, net						169,890
Gain related to investments in associates and joint ventures, net						228,813
Other non-operating income and expenses, net						(100,445)
Profit before income tax						1,532,047
Total assets	24,982,664	3,665,331	2,723,592	31,371,587	(1,815,882)	29,555,705
Total liabilities	10,590,209	2,277,245	998,337	13,865,791	145,727	14,011,518

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the nine-month periods ended September 30, 2016 and 2015

4. Operating Segments, Continued

- (2) Details of the segment information as of and for the nine-month period ended September 30, 2015 are as follows:

(In millions of won)

	Cellular Services	Fixed-line Telecommu- nication services	Others	Sub-total	Adjustments	Total
Total revenue	₩ 11,197,968	2,328,102	1,536,305	15,062,375	(2,304,990)	12,757,385
Inter-segment revenue	1,288,867	470,496	545,627	2,304,990	(2,304,990)	
External revenue	9,909,101	1,857,606	990,678	12,757,385		12,757,385
Depreciation and amortization	1,616,493	394,646	104,434	2,115,573		2,115,573
Operating income (loss)	1,288,478	74,686	(57,010)	1,306,154		1,306,154
Finance income and costs, net						(166,167)
Gain related to investments in subsidiaries, associates and joint ventures, net						626,278
Other non-operating income and expense, net						(135,818)
Profit before income tax						1,630,447
Total assets	23,885,941	3,628,563	3,220,129	30,734,633	(2,175,913)	28,558,720
Total liabilities	9,545,761	2,323,767	1,098,331	12,967,859	(42,909)	12,924,950

Intersegment sales and purchases are conducted on an arms-length basis and eliminated on consolidation. The Group principally operates its businesses in Korea and the revenue amounts earned outside of Korea are immaterial. Therefore, no entity-wide geographical information is presented.

No single customer contributed 10% or more to the Group's total revenue for the nine-month periods ended September 30, 2016 and 2015.

5. Restricted Deposits

Deposits which are restricted in use as of September 30, 2016 and December 31, 2015 are summarized as follows:

(In millions of won)

	September 30, 2016	December 31, 2015
Short-term financial instruments(*)	₩ 80,278	82,469
Long-term financial instruments(*)	10,636	10,596
	₩ 90,914	93,065

(*) Financial instruments include charitable trust fund established by the Group. Profits from the fund are donated to charitable institutions. As of September 30, 2016, the funds cannot be withdrawn.

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the nine-month periods ended September 30, 2016 and 2015

6. Trade and Other Receivables

(1) Details of trade and other receivables as of September 30, 2016 and December 31, 2015 are as follows:

(In millions of won)

	Gross amount	September 30, 2016 Allowances for doubtful accounts	Carrying amount
Current assets:			
Accounts receivable - trade	₩ 2,585,619	(260,746)	2,324,873
Short-term loans	66,299	(597)	65,702
Accounts receivable - other	1,339,044	(83,231)	1,255,813
Accrued income	12,676		12,676
Others	1,807		1,807
	4,005,445	(344,574)	3,660,871
Non-current assets:			
Long-term loans	112,888	(24,408)	88,480
Long-term accounts receivable - other	228,686		228,686
Guarantee deposits	301,998		301,998
Long-term accounts receivable - trade	23,890	(477)	23,413
	667,462	(24,885)	642,577
	₩ 4,672,907	(369,459)	4,303,448

(In millions of won)

	Gross amount	December 31, 2015 Allowances for doubtful accounts	Carrying amount
Current assets:			
Accounts receivable - trade	₩ 2,583,558	(238,691)	2,344,867
Short-term loans	54,377	(482)	53,895
Accounts receivable - other	752,731	(78,992)	673,739
Accrued income	10,753		10,753
Others	1,861		1,861

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	3,403,280	(318,165)	3,085,115
Non-current assets:			
Long-term loans	87,501	(25,047)	62,454
Long-term accounts receivable - other	2,420		2,420
Guarantee deposits	297,281		297,281
Long-term accounts receivable - trade	46,047	(804)	45,243
	433,249	(25,851)	407,398
	₩ 3,836,529	(344,016)	3,492,513

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the nine-month periods ended September 30, 2016 and 2015

6. Trade and Other Receivables, Continued

- (2) Changes in allowances for doubtful accounts of trade and other receivables during the nine-month periods ended September 30, 2016 and 2015 are as follows:

<i>(In millions of won)</i>	For the nine-month period ended	
	September 30, 2016	September 30, 2015
Balance at January 1	₩ 344,016	328,191
Increase of bad debt allowances	40,299	51,425
Write-offs	(33,360)	(58,100)
Others	18,504	21,450
Balance at September 30	₩ 369,459	342,966

- (3) Details of overdue but not impaired, and impaired trade and other receivables as of September 30, 2016 and December 31, 2015 are as follows:

<i>(In millions of won)</i>	September 30, 2016		December 31, 2015	
	Accounts receivable - trade	Other receivables	Accounts receivable - trade	Other receivables
Neither overdue nor impaired	₩ 1,804,923	1,872,362	1,841,442	1,053,096
Overdue but not impaired	52,269	4,613	77,008	5,155
Impaired	752,317	186,423	711,155	148,673
	2,609,509	2,063,398	2,629,605	1,206,924
Allowance for doubtful accounts	(261,223)	(108,236)	(239,495)	(104,521)
	₩ 2,348,286	1,955,162	2,390,110	1,102,403

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

- (4) The aging of overdue but not impaired accounts receivable as of September 30, 2016 and December 31, 2015 are as follows:

(In millions of won)

	September 30, 2016		December 31, 2015	
	Accounts receivable - trade	Other receivables	Accounts receivable - trade	Other receivables
Less than 1 month	₩ 16,817	2,525	20,908	2,770
1 ~ 3 months	13,173	4	21,941	924
3 ~ 6 months	7,443	1	7,043	265
More than 6 months	14,836	2,083	27,116	1,196
	₩ 52,269	4,613	77,008	5,155

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SK TELECOM CO., LTD. and Subsidiaries

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For the nine-month periods ended September 30, 2016 and 2015

7. Inventories

Details of inventories as of September 30, 2016 and December 31, 2015 are as follows:

(In millions of won)

	September 30, 2016			December 31, 2015		
	Acquisition cost	Write-down	Carrying amount	Acquisition cost	Write-down	Carrying amount
Merchandise	₩ 243,529	(3,730)	239,799	247,294	(5,064)	242,230
Finished goods	2,306	(171)	2,135	3,530	(179)	3,351
Work in process	3,099	(197)	2,902	1,976	(149)	1,827
Raw materials and supplies	30,495	(1,284)	29,211	27,296	(1,148)	26,148
	₩ 279,429	(5,382)	274,047	280,096	(6,540)	273,556

8. Investment Securities

(1) Details of short-term investment securities as of September 30, 2016 and December 31, 2015 are as follows:

(In millions of won)

	September 30, 2016	December 31, 2015
Beneficiary certificates(*)	₩ 202,513	92,262

(*) The income distributable in relation to beneficiary certificates as of September 30, 2016 were accounted for as accrued income.

(2) Details of long-term investment securities as of September 30, 2016 and December 31, 2015 are as follows:

(In millions of won)

	September 30, 2016	December 31, 2015
Equity securities:		
Marketable equity securities(*)	₩ 776,262	897,958

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Unlisted equity securities	103,142	96,899
Equity investments	190,915	207,916
	1,070,319	1,202,773
Debt securities:		
Investment bonds	3,657	4,453
	₩ 1,073,976	1,207,226

(*) During the nine-month period ended September 30, 2016, the Group sold 3,793,756 shares of Loen Entertainment, Inc. to Kakao Corp. and received 1,357,376 shares of Kakao Corp. and ₩218,037 million of cash in return.

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SK TELECOM CO., LTD. and Subsidiaries

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For the nine-month periods ended September 30, 2016 and 2015

9. Business Combinations under common control

LBS(Location based service) division and mobile phone verification services business, spun-off from SK Planet Co., Ltd., were acquired by the Parent Company during the nine-month period ended September 30, 2016. Since this is considered a business combination of entities under common control, there is no impact on the Group's consolidated financial statements.

10. Investments in Associates and Joint Ventures

- (1) Investments in associates and joint ventures accounted for using the equity method as of September 30, 2016 and December 31, 2015 are as follows:

(In millions of won)

	Country	September 30, 2016		December 31, 2015	
		Ownership percentage	Carrying amount	Ownership percentage	Carrying amount
Investments in associates:					
SK China Company Ltd.(*1)	China	9.6	₩ 42,480	9.6	₩ 43,814
Korea IT Fund(*2)	Korea	63.3	260,159	63.3	260,456
KEB HanaCard Co., Ltd.(*1)	Korea	15.0	263,245	15.0	254,177
Candle Media Co., Ltd.(*3)	Korea			35.1	20,144
NanoEnTek, Inc.	Korea	28.5	41,314	28.6	45,008
SK Industrial Development China Co., Ltd.	Hong Kong	21.0	70,694	21.0	86,324
SK Technology Innovation Company	Cayman	49.0	43,078	49.0	45,891
HappyNarae Co., Ltd.	Korea	42.5	16,203	42.5	17,095
SK hynix Inc.	Korea	20.1	5,723,762	20.1	5,624,493
SK MENA Investment B.V.	Netherlands	32.1	14,022	32.1	14,929
SKY Property Mgmt. Ltd.	Virgin Island	33.0	242,748	33.0	251,166
Xinan Tianlong Science and Technology Co., Ltd.	China	49.0	25,754	49.0	25,767
Daehan Kanggun BcN Co., Ltd. and others			130,066		161,058
Sub-total			6,873,525		6,850,322
Investments in joint ventures:					
Dogus Planet, Inc.(*4,6)	Turkey	50.0	22,443	50.0	15,118
PT. Melon Indonesia(*6)	Indonesia	49.0	5,208	49.0	4,339
Celcom Planet(*2,4,6)	Malaysia	51.0	4,228	51.0	3,406

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PT XL Planet Digital(*4,6)	Indonesia	50.0	32,293	50.0	23,108
HanaSK Fintech Co., Ltd. (*5)	Korea	49.0	24,496		
Sub-total			88,668		45,971
Total			₩ 6,962,193		₩ 6,896,293

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

For the nine-month periods ended September 30, 2016 and 2015

10. Investments in Associates and Joint Ventures, Continued

- (1) Investments in associates and joint ventures accounted for using the equity method as of September 30, 2016 and December 31, 2015 are as follows, Continued:

(*1) Classified as investments in associates as the Group can exercise significant influence through its right to appoint the members of board of directors even though the Group has less than 20% of equity interests.

(*2) Classified as investment in associates as the Group does not have control over investments under the agreement.

(*3) Candle Media Co., Ltd. was disposed during the nine-month period ended September 30, 2016.

(*4) The carrying amount has been increased due to additional investment during the nine-month period ended September 30, 2016. There was no change in ownership interests after additional investment.

(*5) The investment in HanaSK Fintech Co., Ltd., a company newly established during the nine-month period ended September 30, 2016, was classified as investment in joint venture as the Parent Company has joint control.

(*6) The ownership interest owned by SK Planet Co., Ltd.

- (2) The market price of investments in listed associates as of September 30, 2016 and December 31, 2015 are as follows:

(In millions of won, except for share data)

	September 30, 2016			December 31, 2015		
	Market value per share (In won)	Number of shares	Market price	Market value per share (In won)	Number of shares	Market price
NanoEnTek, Inc.	₩ 4,850	6,960,445	33,758	7,300	6,960,445	50,811
SK hynix Inc.	40,200	146,100,000	5,873,220	30,750	146,100,000	4,492,575

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SK TELECOM CO., LTD. and Subsidiaries

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For the nine-month periods ended September 30, 2016 and 2015

10. Investments in Associates and Joint Ventures, Continued

- (3) The financial information of the significant investees as of and for the nine-month period ended September 30, 2016 and as of and for the year ended December 31, 2015 are as follows:

**As of and for the nine-month period ended September 30,
2016**

(In millions of won)

	SK hynix Inc.	KEB HanaCard Co., Ltd.	SKY Property Mgmt. Ltd.	Korea IT Fund
Current assets	₩ 8,228,379	6,619,270	165,669	160,312
Non-current assets	20,938,615	231,834	412,294	250,465
Current liabilities	2,974,255	1,182,840	14,531	
Non-current liabilities	4,188,158	4,272,913	43,485	
Revenue	11,840,289	1,046,372	50,398	21,629
Profit for the period	1,331,909	59,303	51,401	17,641
Other comprehensive loss	(355,501)	(524)	(75,846)	(8,506)
Total comprehensive income (loss)	976,408	58,779	(24,445)	9,135

As of and for the year ended December 31, 2015

(In millions of won)

	SK hynix Inc.	KEB HanaCard Co., Ltd.	SKY Property Mgmt. Ltd.	Korea IT Fund
Current assets	₩ 9,760,030	6,228,076	176,517	152,070
Non-current assets	19,917,876	509,579	650,661	259,176
Current liabilities	4,840,698	1,103,873	242,002	
Non-current liabilities	3,449,505	4,297,289	39,154	
Revenue	18,797,998	1,472,830	89,161	30,875
Profit for the period	4,323,595	10,119	19,722	21,655
Other comprehensive income (loss)	40,215	(547)	(11,872)	15,651
Total comprehensive income	4,363,810	9,572	7,850	37,306

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For the nine-month periods ended September 30, 2016 and 2015

10. Investments in Associates and Joint Ventures, Continued

- (4) The condensed financial information of joint ventures as of and for the nine-month period ended September 30, 2016 and as of and for the year ended December 31, 2015 are as follows:

<i>(In millions of won)</i>	As of and for the nine-month period ended September 30,				
			2016		
	Dogus	PT. Melon	PT XL	Celcom	HanaSK
	Planet, Inc.	Indonesia	Planet	Planet	Fintech
			Digital		Co., Ltd.
Current assets	₩ 55,571	15,728	28,530	20,803	48,849
Cash and cash equivalents	54,029	3,871	23,154	18,017	48,849
Non-current assets	15,496	1,821	47,300	2,583	424
Current liabilities	26,098	6,766	10,102	15,096	1
Accounts payable, other payables and provision	3,193	3,036	4,256	8,947	1
Non-current liabilities	83	105	1,141		
Revenue	34,492	19,496	7,058	4,080	
Depreciation and amortization	(3,470)	(100)	(2,678)	(1,514)	
Interest income	261	201	187	127	
Interest expense	(1,901)				
Income tax benefit			831		
Profit (loss) for the period	(17,662)	1,873	(36,771)	(32,677)	(8)
Total comprehensive income (loss)	(15,803)	1,772	(36,771)	(32,677)	(8)

<i>(In millions of won)</i>	As of and for the year ended December 31,				
			2015		
	Dogus	PT. Melon	PT XL	Celcom	
	Planet,	Indonesia	Planet	Planet	
	Inc.		Digital		
Current assets	₩ 46,248	12,805	9,500	21,416	
Cash and cash equivalents	8,091	4,027	5,034	19,371	
Non-current assets	18,088	2,657	46,013	5,519	
Current liabilities	34,022	6,416	8,583	20,257	
Accounts payable, other payables and provision	4,317	3,396	3,648	5,889	
Non-current liabilities	78	140	714		
Revenue	38,944	17,094	5,536	1,647	
Depreciation and amortization	(5,318)	(132)	(2,746)	(1,332)	

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Interest income	465	288	525	345
Income tax benefit			7,025	
Profit (loss) for the period	(32,713)	1,853	(21,381)	(25,881)
Total comprehensive income (loss)	(32,713)	1,853	(21,381)	(25,881)

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SK TELECOM CO., LTD. and Subsidiaries

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For the nine-month periods ended September 30, 2016 and 2015

10. Investments in Associates and Joint Ventures, Continued

- (5) Reconciliations of financial information of significant associates to carrying amounts of investments in associates in the consolidated financial statements as of September 30, 2016 and December 31, 2015 are as follows:

(In millions of won)

	September 30, 2016				
	Net assets attributable to				
	Ownership	the			Carrying
	interests	ownership			amount
	(%)	interests	Goodwill		
Net assets					
Associates:					
SK hynix Inc.(*1,2)	₩ 22,000,634	20.1	4,552,807	1,170,955	5,723,762
KEB HanaCard Co., Ltd.	1,395,351	15.0	209,303	53,942	263,245
SKY Property Mgmt. Ltd.(*1)	514,134	33.0	169,664	73,084	242,748
Korea IT Fund	410,777	63.3	260,159		260,159

(In millions of won)

	December 31, 2015				
	Net assets attributable to				
	Ownership	the			Carrying
	interests	ownership			amount
	(%)	interests	Goodwill		
Net assets					
Associates:					
SK hynix Inc.(*1,2)	₩ 21,386,863	20.1	4,425,794	1,198,699	5,624,493
KEB HanaCard Co., Ltd.	1,336,493	15.0	200,474	53,703	254,177
SKY Property Mgmt. Ltd.(*1)	537,847	33.0	177,490	73,676	251,166
Korea IT Fund	411,246	63.3	260,456		260,456

(*1) Net assets of these entities represent net assets excluding their non-controlling interests.

(*2) The ownership interest is based on the number of shares owned by the Parent Company for the total shares issued by the investee company. The Group applied the equity method using the effective ownership interest of 20.69% which is based on the number of shares owned by the Parent Company for the total issued shares outstanding less

investee's treasury shares.

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For the nine-month periods ended September 30, 2016 and 2015

10. Investments in Associates and Joint Ventures, Continued

- (6) Details of changes in investments in associates and joint ventures accounted for using the equity method for the nine-month periods ended September 30, 2016 and 2015 are as follows:

*(In millions of won)***For the nine-month period ended September 30, 2016**

	Beginning balance	Acquisition and Disposal	Share of profits (losses)	Other compre- hensive income (loss)	Other decrease	Ending balance
Investments in associates:						
SK China Company Ltd.	₩ 43,814		1,788	(3,122)		42,480
Korea IT Fund(*)	260,456		11,172	(5,387)	(6,082)	260,159
KEB HanaCard Co., Ltd.	254,177		9,135	(67)		263,245
Candle Media Co., Ltd.	20,144	(19,393)	(673)	(78)		
NanoEnTek, Inc.	45,008		(2,496)	(1,198)		41,314
SK Industrial Development China Co., Ltd.	86,324		(5,925)	(9,705)		70,694
SK Technology Innovation Company	45,891		160	(2,973)		43,078
HappyNarae Co., Ltd.	17,095		(850)	(42)		16,203
SK hynix Inc.(*)	5,624,493		246,887	(74,568)	(73,050)	5,723,762
SK MENA Investment B.V.	14,929		43	(950)		14,022
SKY Property Mgmt. Ltd.	251,166		15,932	(24,350)		242,748
Xian Tianlong Science and Technology Co., Ltd	25,767		(13)			25,754
Daehan Kanggun BcN Co., Ltd. and others	161,058	(21,581)	(6,265)	(1,766)	(1,380)	130,066
Sub-total	6,850,322	(40,974)	268,895	(124,206)	(80,512)	6,873,525
Investments in joint ventures:						
Dogus Planet, Inc.	15,118	18,848	(8,831)	(2,692)		22,443
PT. Melon Indonesia	4,339		918	(49)		5,208
Celcom Planet	3,406	17,488	(16,666)			4,228
PT XL Planet Digital	23,108	27,571	(18,386)			32,293
HanaSK Fintech Co., Ltd.		24,500	(4)			24,496
Sub-total	45,971	88,407	(42,969)	(2,741)		88,668

Total	₩ 6,896,293	47,433	225,926	(126,947)	(80,512)	6,962,193
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(*) Dividends received from the associate are deducted from the carrying amount during the nine-month period ended September 30, 2016.

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For the nine-month periods ended September 30, 2016 and 2015

10. Investments in Associates and Joint Ventures, Continued

- (6) Details of changes in investments in associates and joint ventures accounted for using the equity method for the nine-month periods ended September 30, 2016 and 2015 are as follows, Continued:

*(In millions of won)***For the nine-month period ended September 30, 2015**

	Beginning balance	Acquisition and Disposal	Share of profits (losses)	Other compre- hensive income (loss)	Other increase (decrease)	Ending balance
Investments in associates						
SK China Company Ltd.	₩ 35,817		(1,702)	4,703		38,818
Korea IT Fund(*)	240,676		5,037	(1,444)	(2,103)	242,166
KEB HanaCard Co., Ltd.	425,140	(174,475)	5,101	496		256,262
Candle Media Co., Ltd.	19,486		401	41		19,928
NanoEnTek, Inc.	36,527	10,000	(853)	64		45,738
SK Industrial Development China Co., Ltd.	79,394		(870)	3,620		82,144
Packet One Network	53,670		(8,714)	(565)	(44,391)	
SK Technology Innovation Company	44,052		(1,991)	5,661		47,722
HappyNarae Co., Ltd.	15,551		1,270	(1)		16,820
SK hynix Inc.(*)	4,849,159		672,739	30,918	(43,830)	5,508,986
SK MENA Investment B.V.	14,015		4	1,193		15,212
SKY Property Mgmt. Ltd.	248,534		4,831	6,179		259,544
Xian Tianlong Science and Technology Co., Ltd	25,874		(1,290)			24,584
Daehan Kanggun BcN Co., Ltd. and others (*)	158,725	4,251	(10,612)	5,515	4,177	162,056
Sub-total	6,246,620	(160,224)	663,351	56,380	(86,147)	6,719,980
Investments in joint ventures						
Dogus Planet, Inc.	11,441	10,627	(10,154)	2,208		14,122
PT. Melon Indonesia	3,564		631	(307)		3,888
Television Media Korea Ltd.	6,944	(6,712)	(232)			
Celcom Planet	16,605		(6,898)			9,707
PT XL Planet Digital	12,914	17,491	(6,587)			23,818

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Sub-total	51,468	21,406	(23,240)	1,901	51,535
Total	₩ 6,298,088	(138,818)	640,111	58,281	(86,147) 6,771,515

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

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For the nine-month periods ended September 30, 2016 and 2015

10. Investments in Associates and Joint Ventures, Continued

- (7) The Group discontinued the application of the equity method for the following investees due to the carrying amount of the Group's share being reduced to zero. The details of unrecognized accumulated equity losses as of September 30, 2016 are as follows:

<i>(In millions of won)</i>	Unrealized loss		Unrealized change in equity	
	Period ended	Accumulated	Period ended	Accumulated
	September 30, 2016		September 30, 2016	
Wave City Development Co., Ltd.	₩ (1,440)	3,098		
SK Wyverns Baseball Club Co., Ltd. and others		6,510		365
	₩ (1,440)	9,608		365

11. Property and Equipment

Changes in property and equipment for the nine-month periods ended September 30, 2016 and 2015 are as follows:

(In millions of won)

	Beginning balance	For the nine-month period ended September 30, 2016					Ending balance
		Acquisition	Disposal	Transfer	Depreciation	Impairment	
Land	₩ 812,947	1,764	(2,881)	12,564			824,394
Buildings	911,129	1,504	(8,603)	22,167	(37,666)		888,531
Structures	344,221	11,265	(15)	9,837	(24,830)		340,478
Machinery	7,342,009	368,633	(26,126)	522,214	(1,605,325)	(883)	6,600,522
Other	473,438	414,793	(3,976)	(275,251)	(106,076)		502,928
Construction in progress	487,512	509,635	(7,419)	(356,059)			633,669
	₩ 10,371,256	1,307,594	(49,020)	(64,528)	(1,773,897)	(883)	9,790,522

(In millions of won)

	For the nine-month period ended September 30, 2015						
	Beginning balance	Acquisition	Disposal	Transfer	Depreciation	Business combination	Ending balance
Land	₩ 766,780	4,493	(2,031)	30,569			799,811
Buildings	933,867	4,630	(6,839)	23,622	(36,996)		918,284
Structures	352,789	3,462	(57)	12,652	(25,670)		343,176
Machinery	7,310,815	362,615	(14,162)	910,549	(1,585,542)	3,641	6,987,916
Other	499,050	601,542	(13,710)	(455,947)	(106,561)		524,374
Construction in progress	704,400	509,744	(1,045)	(616,110)			596,989
	₩ 10,567,701	1,486,486	(37,844)	(94,665)	(1,754,769)	3,641	10,170,550

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SK TELECOM CO., LTD. and Subsidiaries

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For the nine-month periods ended September 30, 2016 and 2015

12. Investment Property

Changes in investment property for the nine-month periods ended September 30, 2016 and 2015 are as follows:

(In millions of won)

	For the nine-month period ended September 30, 2016			
	Beginning balance	Transfer	Depreciation	Ending balance
Land	₩ 10,634	(4,770)		5,864
Buildings	4,437	(1,984)	(103)	2,350
	₩ 15,071	(6,754)	(103)	8,214

(In millions of won)

	For the nine-month period ended September 30, 2015			
	Beginning balance	Transfer	Depreciation	Ending balance
Land	₩ 10,418	216		10,634
Buildings	4,579	97	(180)	4,496
	₩ 14,997	313	(180)	15,130

13. Goodwill

(1) Goodwill as of September 30, 2016 and December 31, 2015 are as follows:

(In millions of won)

	September 30, 2016	December 31, 2015
Goodwill related to acquisition of Shinsegi Telecom, Inc.	₩ 1,306,236	1,306,236
Goodwill related to acquisition of SK Broadband Co., Ltd.	358,443	358,443
Other goodwill	237,799	243,911

₩ 1,902,478 1,908,590

(2) Changes in goodwill for the nine-month periods ended September 30, 2016 and 2015 are as follows:

<i>(In millions of won)</i>	For the nine-month period ended	
	September 30, 2016	September 30, 2015
Beginning balance	₩ 1,908,590	1,917,595
Acquisition	4,498	3,682
Impairment loss		(1,976)
Other	(10,610)	13,357
	₩ 1,902,478	1,932,658

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SK TELECOM CO., LTD. and Subsidiaries

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For the nine-month periods ended September 30, 2016 and 2015

14. Intangible Assets

(1) Changes in intangible assets for the nine-month periods ended September 30, 2016 and 2015 are as follows:

(In millions of won)

	For the nine-month period ended September 30, 2016						Ending balance
	Beginning balance	Acquisition	Disposal	Transfer	Amortization	Impairment	
Frequency usage rights	₩ 1,103,517	1,254,664			(220,514)		2,137,667
Land usage rights	26,576	5,127	(1,840)		(7,010)		22,853
Industrial rights	116,542	3,768	(141)	(185)	(4,959)		115,025
Development costs	7,472	1,300		338	(3,021)	(278)	5,811
Facility usage rights	48,019	1,015	(4)	71	(6,444)		42,657
Customer relations	7,175	504			(2,971)		4,708
Memberships	91,507	7,348	(6,570)			(20)	92,265
Other	903,976	58,189	(7,941)	72,854	(247,182)	(2,048)	777,848
	₩ 2,304,784	1,331,915	(16,496)	73,078	(492,101)	(2,346)	3,198,834

(In millions of won)

	For the nine-month period ended September 30, 2015						Ending balance
	Beginning balance	Acquisition	Disposal	Transfer	Amortization	Business combination	
Frequency usage rights	₩ 1,384,044				(210,395)		1,173,649
Land usage rights	25,353	9,579	(193)		(7,016)		27,723
Industrial rights	107,760	9,349		4,175	(4,346)		116,938
Development costs	8,331	1,856		22	(3,448)		6,761
Facility usage rights	52,636	1,059	(23)	293	(6,322)		47,643
Customer relations	6,404			1,335	(3,961)	8,219	11,997
Memberships	94,119	554	(1,576)	68			93,165
Other	805,347	38,737	(2,187)	111,887	(232,456)		721,328
	₩ 2,483,994	61,134	(3,979)	117,780	(467,944)	8,219	2,199,204

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14. Intangible Assets, Continued

- (2) The carrying amount and residual useful lives of frequency usage rights as of September 30, 2016 are as follows, all of which are amortized on a straight-line basis:

(In millions of won)

	Amount	Description	Commencement of amortization	Completion of amortization
W-CDMA license	₩ 31,062	Frequency usage rights relating to W-CDMA service	Dec. 2003	Dec. 2016
W-CDMA license	4,078	Frequency usage rights relating to W-CDMA service	Oct. 2010	Dec. 2016
800MHz license	192,584	Frequency usage rights relating to CDMA and LTE service	Jul. 2011	Jun. 2021
1.8GHz license	659,505	Frequency usage rights relating to LTE service	Sep. 2013	Dec. 2021
WiBro license	5,893	WiBro service	Mar. 2012	Mar. 2019
2.6GHz license	1,244,545	Frequency usage rights relating to LTE service	Sep. 2016	Dec. 2026
	₩ 2,137,667			

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For the nine-month periods ended September 30, 2016 and 2015

15. Borrowings and Debentures

(1) Short-term borrowings as of September 30, 2016 and December 31, 2015 are as follows:

(In millions of won)

	Lender	Annual interest rate (%)	September 30, 2016	December 31, 2015
Commercial Paper	KTB Investment and Securities Co., Ltd., etc.	1.76~1.84	₩	220,000
Short-term borrowings	Woori Bank, etc.	2.88	827	40,000
			₩ 827	260,000

(2) Long-term borrowings as of September 30, 2016 and December 31, 2015 are as follows:

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

Lender	Annual interest rate (%)	Maturity	September 30, 2016	December 31, 2015
Kookmin Bank	1.98	Jun. 15, 2016	₩	1,625
Shinhan Bank	6M bank debenture rate+1.58	Apr. 30, 2016		10,000
Kookmin Bank	1.54	Mar. 15, 2017	999	2,498
Kookmin Bank	1.54	Mar. 15, 2018	4,300	6,450
Korea Development Bank	3.32	Jul. 30 ,2019	39,000	39,000
Korea Development Bank	2.94	Jul. 30 ,2019	10,000	10,000
Export Kreditnamnden(*)	1.70	Apr. 29, 2022	75,706	87,685
			(USD 69,056)	(USD 74,817)
Sub-total			130,005	157,258
Less present value discount			(1,567)	(2,124)

	128,438	155,134
Less current installments	(32,537)	(33,581)
	₩ 95,901	121,553

(*) Prior to 2015, the Group obtained long-term borrowings from Export Kreditnamnden, an export credit agency. The long-term borrowings are repaid by installments on an annual basis from 2014 to 2022.

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15. Borrowings and Debentures, Continued

(3) Debentures as of September 30, 2016 and December 31, 2015 are as follows:

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

			Annual	September 30,	December 31,
	Purpose	Maturity	interest rate	2016	2015
			(%)		
Unsecured private bonds	Refinancing fund	2016	5.00	₩	200,000
Unsecured private bonds	Other fund	2018	5.00	200,000	200,000
Unsecured private bonds		2016	5.54		40,000
Unsecured private bonds		2016	5.92		230,000
Unsecured private bonds	Operating fund	2016	3.95	110,000	110,000
Unsecured private bonds		2021	4.22	190,000	190,000
Unsecured private bonds	Operating and	2019	3.24	170,000	170,000
Unsecured private bonds	Refinancing fund	2022	3.30	140,000	140,000
Unsecured private bonds		2032	3.45	90,000	90,000
Unsecured private bonds	Operating fund	2023	3.03	230,000	230,000
Unsecured private bonds		2033	3.22	130,000	130,000
Unsecured private bonds		2019	3.30	50,000	50,000
Unsecured private bonds		2024	3.64	150,000	150,000
Unsecured private bonds(*4)		2029	4.72	54,366	54,695
Unsecured private bonds	Refinancing fund	2019	2.53	160,000	160,000
Unsecured private bonds		2021	2.66	150,000	150,000
Unsecured private bonds		2024	2.82	190,000	190,000
Unsecured private bonds	Operating and	2022	2.40	100,000	100,000
Unsecured private bonds	Refinancing fund	2025	2.49	150,000	150,000
Unsecured private bonds		2030	2.61	50,000	50,000
Unsecured private bonds	Operating fund	2018	1.89	90,000	90,000
Unsecured private bonds		2025	2.66	70,000	70,000
Unsecured private bonds		2030	2.82	90,000	90,000
Unsecured private bonds(*4,5)		2030	3.40		50,485
Unsecured private bonds	Operating and	2018	2.07	80,000	80,000
Unsecured private bonds	Refinancing fund	2025	2.55	100,000	100,000
Unsecured private bonds		2035	2.75	70,000	70,000
Unsecured private bonds		2030	3.10	50,113	50,524

Unsecured private bonds(*4)					
Unsecured private bonds	Operating fund	2019	1.65	70,000	
Unsecured private bonds		2021	1.80	100,000	
Unsecured private bonds		2026	2.08	90,000	
Unsecured private bonds		2036	2.24	80,000	
Unsecured private bonds		2019	1.62	50,000	
Unsecured private bonds		2021	1.71	50,000	
Unsecured private bonds		2026	1.97	120,000	
Unsecured private bonds		2031	2.17	50,000	
Unsecured private bonds(*1)		2017	4.28	100,000	100,000
Unsecured private bonds(*1)		2017	3.27	120,000	120,000
Unsecured private bonds(*1)		2016	3.05	80,000	80,000
Unsecured private bonds(*1)		2019	3.49	210,000	210,000
Unsecured private bonds(*1)		2019	2.76	130,000	130,000
Unsecured private bonds(*1)		2018	2.23	50,000	50,000
Unsecured private bonds(*1)		2020	2.49	160,000	160,000
Unsecured private bonds(*1)		2020	2.43	140,000	140,000
Unsecured private bonds(*1)		2020	2.18	130,000	130,000
Unsecured private bonds(*2)		2016	3.24		10,000
Unsecured private bonds(*2)		2017	3.48	20,000	20,000
Unsecured global bonds		2027	6.63	438,520	468,800
				(USD 400,000)	(USD 400,000)

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For the nine-month periods ended September 30, 2016 and 2015

15. Borrowings and Debentures, Continued

(3) Debentures as of September 30, 2016 and December 31, 2015 are as follows, Continued:

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

	Purpose	Maturity	Annual interest rate (%)	September 30, 2016	December 31, 2015
Unsecured private Swiss bonds	Operating fund	2017	1.75	340,518 (CHF 300,000)	355,617 (CHF 300,000)
Unsecured global bonds		2018	2.13	767,410 (USD 700,000)	820,400 (USD 700,000)
Unsecured private Australian bonds		2017	4.75	251,124 (AUD 300,000)	255,930 (AUD 300,000)
Floating rate notes(*3)		2020	3M LIBOR + 0.88	328,890 (USD 300,000)	351,600 (USD 300,000)
Unsecured global bonds(*1)		2018	2.88	328,890 (USD 300,000)	351,600 (USD 300,000)
Sub-total				7,069,831	7,139,651
Less discounts on bonds				(26,140)	(30,998)
				7,043,691	7,108,653
Less current portion of bonds				(650,103)	(669,506)
				₩ 6,393,588	6,439,147

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

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

- (*3) As of September 30, 2016, 3M LIBOR rate is 0.85%.
- (*4) The Parent Company eliminated a measurement inconsistency of accounting profit or loss between the bonds and related derivatives by designating the structured bonds as financial liabilities at fair value through profit or loss.
- (*5) The principal amount and the fair value of the structured bonds that were designated as financial liabilities at fair value through profit or loss as of December 31, 2015 were ₩50,000 million and ₩50,485 million, respectively. The entire bond was early redeemed during the nine-month period ended September 30, 2016. The carrying amount of financial liabilities designated at fair value through profit or loss exceeds the principal amount required to pay at maturity by ₩4,479 million as of September 30, 2016.

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16. Long-term Payables - other

(1) Long-term payables other as of September 30, 2016 and December 31, 2015 are as follows:

(In millions of won)

	September 30, 2016	December 31, 2015
Payables related to acquisition of W-CDMA licenses	₩ 1,268,550	550,964
Other(*)	34,985	30,733
	₩ 1,303,535	581,697

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

(2) As of September 30, 2016 and December 31, 2015, details of long-term payables other which consist of payables related to the acquisition of W-CDMA and LTE licenses for 2.6GHz and 1.8GHz frequencies are as follows (See Note 14):

(In millions of won)

	September 30, 2016	December 31, 2015
Long-term payables - other	₩ 1,586,747	709,888
Present value discount on long-term payables other	(102,428)	(38,739)
	1,484,319	671,149
Less current installments of long-term payables other	(215,769)	(120,185)
Carrying amount at period end	₩ 1,268,550	550,964

(3) The repayment schedule of the principal amount of long-term payables related to acquisition of W-CDMA and LTE licenses as of September 30, 2016 is as follows:

(In millions of won)

	Amount
Less than 1 year	₩ 217,592
1~3 years	435,184
3~5 years	435,184
More than 5 years	498,787
	₩ 1,586,747

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17. Provisions

Changes in provisions for the nine-month periods ended September 30, 2016 and 2015 are as follows:

(In millions of won)

	For the nine-month period ended September 30, 2016						As of September 30, 2016	
	Beginning balance	Increase	Utilization	Reversal	Other	Ending balance	Current	Non-current
Provision for installment of handset subsidy	₩ 5,670		(1,019)			4,651	1,213	3,438
Provision for restoration	59,954	4,405	(586)	(863)	(65)	62,845	29,332	33,513
Emission allowance	1,477	1,016	(169)			2,324	2,324	
Other provisions	3,104	2,370	(319)			5,155	5,155	
	₩ 70,205	7,791	(2,093)	(863)	(65)	74,975	38,024	36,951

(In millions of won)

	For the nine-month period ended September 30, 2015						As of September 30, 2015	
	Beginning balance	Increase	Utilization	Reversal	Other	Ending balance	Current	Non-current
Provision for installment of handset subsidy	₩ 26,799		(4,288)	(17,583)		4,928	2,951	1,977
Provision for restoration	59,727	3,126	(510)	(5,115)	1,346	58,574	33,479	25,095
Other provisions	562	2,929	(424)	(472)		2,595	1,976	619
	₩ 87,088	6,055	(5,222)	(23,170)	1,346	66,097	38,406	27,691

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

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