



SK Holdings Co., Ltd.

Interim condensed separate financial statements
for the six-month periods ended June 30, 2020 and 2019
with the independent auditor's review report

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Report on review of interim condensed separate financial statements

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

We have reviewed the accompanying interim condensed separate financial statements of SK Holdings Co., Ltd. (the "Company"), which comprise the interim condensed separate statement of financial position as of June 30, 2020, and the interim condensed separate statements of comprehensive income for the three-month and six-month periods ended June 30, 2020 and 2019, interim condensed separate statements of changes in equity and interim condensed separate statements of cash flows for the six-month periods ended June 30, 2020 and 2019, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the interim condensed separate financial statements

Management is responsible for the preparation and presentation of these interim condensed separate financial statements in accordance with Korean International Financial Reporting Standards (KIFRS) 1034 *Interim Financial Reporting*, 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.

Auditor's responsibility

Our responsibility is to express a conclusion on these interim condensed separate 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 Korean Auditing Standards (KGAAS) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed separate financial statements are not prepared, in all material respects, in accordance with KIFRS 1034 *Interim Financial Reporting*.

Other matter

We have audited the separate statement of financial position of the Company as of December 31, 2019, and the related separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended (not presented herein) in accordance with KGAAS, and our report dated March 10, 2020 expressed an unqualified opinion thereon. The accompanying separate statement of financial position as of December 31, 2019, presented for comparative purposes is not different, in all material respects, from the above audited separate statement of financial position.



August 14, 2020

This review report is effective as of August 14, 2020, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's review report to the time this review report is used. Such events and circumstances could significantly affect the accompanying interim condensed separate financial statements and may result in modifications to this review report.

SK Holdings Co., Ltd.

Interim condensed separate financial statements
for the six-month periods ended June 30, 2020 and 2019

“The accompanying interim condensed separate financial statements, including all footnotes and disclosures, have been prepared by, and are the responsibility of, the Company.”

Tae-won Chey, Dong-Hyun Jang and Sungha Park
Chief Executive Officers
SK Holdings Co., Ltd.

SK Holdings Co., Ltd.
Interim condensed separate statements of financial position
as of June 30, 2020 and December 31, 2019

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

	Notes	Korean won		Translation into U.S. dollar (Note 2)	
		June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
		(Unaudited)		(Unaudited)	
Assets					
Current assets:					
Cash and cash equivalents	4	₩ 137,170	₩ 57,805	\$ 114,242	\$ 48,143
Short-term financial instruments	4,29	196,744	152,952	163,858	127,386
Trade receivables, net	4,5,26,29	507,240	476,271	422,454	396,661
Other receivables, net	4,26,29	2,769	1,117	2,306	930
Inventories, net	6	295	147	246	122
Short-term investment securities	4,7	-	17,339	-	14,441
Other current assets	4,17,18,26,29	77,014	76,744	64,141	63,916
Total current assets		<u>921,232</u>	<u>782,375</u>	<u>767,247</u>	<u>651,599</u>
Non-current assets:					
Long-term investment securities	4,7,29	627,909	565,688	522,952	471,132
Investments in subsidiaries	8	17,409,511	17,305,770	14,499,468	14,413,067
Investments in associates and joint ventures	9	858,618	787,657	715,098	655,998
Property, plant and equipment, net	10	529,393	520,222	440,904	433,266
Right-of-use asset, net	11	50,479	40,393	42,041	33,641
Investment properties, net	12	7,714	7,927	6,425	6,602
Intangible assets, net	13	2,136,514	2,122,103	1,779,390	1,767,388
Other non-current assets	4,17,18,26,29	391,307	402,951	325,899	335,597
Total non-current assets		<u>22,011,445</u>	<u>21,752,711</u>	<u>18,332,177</u>	<u>18,116,691</u>
Total assets		<u>₩ 22,932,677</u>	<u>₩ 22,535,086</u>	<u>\$ 19,099,424</u>	<u>\$ 18,768,290</u>
Liabilities and equity					
Liabilities					
Current liabilities:					
Short-term borrowings	4,14,29	₩ 940,000	₩ 1,680,000	\$ 782,877	\$ 1,399,184
Trade payables	4,26,29	105,098	160,253	87,531	133,466
Other payables	4,26,29	105,529	111,254	87,890	92,658
Accrued expenses	4,26,29	43,973	76,116	36,623	63,393
Provisions	15	5,296	6,546	4,411	5,452
Current portion of long-term debt	4,14,29	1,142,320	1,132,548	951,378	943,240
Other current liabilities	4,11,17,18,26,29	438,657	146,365	365,334	121,900
Total current liabilities		<u>2,780,873</u>	<u>3,313,082</u>	<u>2,316,044</u>	<u>2,759,293</u>
Non-current liabilities:					
Bonds payable	4,14,29	5,258,790	5,192,962	4,379,770	4,324,945
Defined benefit liabilities	16	73,470	32,147	61,189	26,774
Deferred tax liabilities	24	340,264	336,100	283,388	279,920
Provisions	15	280	-	233	-
Other non-current liabilities	4,11,17,18,26,29	265,094	258,233	220,783	215,069
Total non-current liabilities		<u>5,937,898</u>	<u>5,819,442</u>	<u>4,945,363</u>	<u>4,846,708</u>
Total liabilities		<u>8,718,771</u>	<u>9,132,524</u>	<u>7,261,407</u>	<u>7,606,001</u>
Equity					
Issued capital	1,19	15,385	15,385	12,813	12,813
Other paid-in capital	19	3,505,106	3,504,680	2,919,219	2,918,864
Retained earnings	19	10,681,730	9,870,812	8,896,253	8,220,880
Other components of equity	19	11,685	11,685	9,732	9,732
Total equity		<u>14,213,906</u>	<u>13,402,562</u>	<u>11,838,017</u>	<u>11,162,289</u>
Total liabilities and equity		<u>₩ 22,932,677</u>	<u>₩ 22,535,086</u>	<u>\$ 19,099,424</u>	<u>\$ 18,768,290</u>

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

SK Holdings Co., Ltd.
Interim condensed separate statements of comprehensive income
for the three months and six months ended June 30, 2020 and 2019

(Korean won in millions, except earnings per share)

	Notes	Korean won			
		June 30, 2020 (unaudited)		June 30, 2019 (unaudited)	
		Three months	Six months	Three months	Six months
Operating revenue	20, 26	₩ 498,072	₩ 1,943,032	₩ 604,830	₩ 2,107,603
Operating expenses	21, 22, 26	454,087	847,078	426,116	809,402
Operating profit		43,985	1,095,954	178,714	1,298,201
Finance income	23	3,259	6,439	4,750	8,219
Finance costs	23	45,139	95,840	47,034	95,410
Other non-operating income	23	257,394	259,131	1,293	1,637
Other non-operating expenses	23	12,635	16,126	11,830	12,456
Profit before income tax expense		246,864	1,249,558	125,893	1,200,191
Income tax expense	24	193,502	213,300	75,264	104,450
Profit for the period		₩ 53,362	₩ 1,036,258	₩ 50,629	₩ 1,095,741
Other comprehensive income (loss):					
Items not to be reclassified to profit or loss in subsequent periods:					
Remeasurement loss on defined benefit plans	16	(10,035)	(13,837)	(15,777)	(19,556)
Total comprehensive income for the period		₩ 43,327	₩ 1,022,421	₩ 34,852	₩ 1,076,185
Earnings per share (Korean won)	25				
Basic earnings per share		₩ 998	₩ 19,779	₩ 887	₩ 19,598

(Continued)

SK Holdings Co., Ltd.
Interim condensed separate statements of comprehensive income
for the three months and six months ended June 30, 2020 and 2019 (cont'd)
(U.S. dollar in thousands, except earnings per share)

	Notes	Translation into U.S. dollar (Note 2)			
		June 30, 2020 (unaudited)		June 30, 2019 (unaudited)	
		Three months	Six months	Three months	Six months
Operating revenue	20, 26	\$ 414,818	\$ 1,618,249	\$ 503,731	\$ 1,755,312
Operating expenses	21, 22, 26	378,185	705,487	354,890	674,108
Operating profit		36,633	912,762	148,841	1,081,204
Finance income	23	2,714	5,363	3,956	6,845
Finance costs	23	37,594	79,820	39,172	79,462
Other non-operating income	23	214,370	215,817	1,077	1,363
Other non-operating expenses	23	10,522	13,431	9,853	10,374
Profit before income tax expense		205,601	1,040,691	104,849	999,576
Income tax expense	24	161,158	177,646	62,683	86,991
Profit for the period		\$ 44,443	\$ 863,045	\$ 42,166	\$ 912,585
Other comprehensive income (loss):					
Items not to be reclassified to profit or loss in subsequent periods:					
Remeasurement loss on defined benefit plans	16	(8,358)	(11,524)	(13,140)	(16,287)
Total comprehensive income for the period		\$ 36,085	\$ 851,521	\$ 29,026	\$ 896,298
Earnings per share (U.S. dollar)	25				
Basic earnings per share		\$ 0.83	\$ 16.47	\$ 0.74	\$ 16.32

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

SK Holdings Co., Ltd.
Interim condensed separate statements of changes in equity
for the six months ended June 30, 2020 and 2019

(Korean won in millions)

	Issued capital	Other paid-in capital	Retained earnings	Other components of equity	Total equity
As of January 1, 2019	₩ 15,385	₩ 4,411,253	₩ 8,743,527	₩ (2,029)	₩ 13,168,136
Effect of changes in accounting policies	-	-	5,246	-	5,246
As of January 1, 2019 (Restated)	₩ 15,385	₩ 4,411,253	₩ 8,748,773	₩ (2,029)	₩ 13,173,382
Total comprehensive income:					
Profit for the period	-	-	1,095,741	-	1,095,741
Remeasurement loss on defined benefits plans	-	-	(19,556)	-	(19,556)
Dividends	-	-	(225,583)	-	(225,583)
Stock option	-	580	-	-	580
As of June 30, 2019 (Unaudited)	₩ 15,385	₩ 4,411,833	₩ 9,599,375	₩ (2,029)	₩ 14,024,564
As of January 1, 2020	₩ 15,385	₩ 3,504,680	₩ 9,870,812	₩ 11,685	₩ 13,402,562
Total comprehensive income:					
Profit for the period	-	-	1,036,258	-	1,036,258
Remeasurement loss on defined benefits plans	-	-	(13,837)	-	(13,837)
Dividends	-	-	(211,503)	-	(211,503)
Stock option	-	426	-	-	426
As of June 30, 2020 (Unaudited)	₩ 15,385	₩ 3,505,106	₩ 10,681,730	₩ 11,685	₩ 14,213,906

SK Holdings Co., Ltd.
Interim condensed separate statements of changes in equity
for the six months ended June 30, 2020 and 2019 (cont'd)

(U.S. dollar in thousands)

	Issued capital	Other paid-in capital	Retained earnings	Other components of equity	Total equity
As of January 1, 2019	\$ 12,813	\$ 3,673,901	\$ 7,282,025	\$ (1,690)	\$ 10,967,049
Effect of changes in accounting policies	-	-	4,369	-	4,369
As of January 1, 2019 (Restated)	\$ 12,813	\$ 3,673,901	\$ 7,286,394	\$ (1,690)	\$ 10,971,418
Total comprehensive income:					
Profit for the period	-	-	912,585	-	912,585
Remeasurement loss on defined benefits plans	-	-	(16,287)	-	(16,287)
Dividends	-	-	(187,876)	-	(187,876)
Stock option	-	483	-	-	483
As of June 30, 2019 (Unaudited)	\$ 12,813	\$ 3,674,384	\$ 7,994,816	\$ (1,690)	\$ 11,680,323
As of January 1, 2020	\$ 12,813	\$ 2,918,864	\$ 8,220,880	\$ 9,732	\$ 11,162,289
Total comprehensive income:					
Profit for the period	-	-	-	-	-
Remeasurement loss on defined benefits plans	-	-	863,045	-	863,045
Dividends	-	-	(11,524)	-	(11,524)
Stock option	-	355	(176,148)	-	(176,148)
As of June 30, 2020 (Unaudited)	\$ 12,813	\$ 2,919,219	\$ 8,896,253	\$ 9,732	\$ 11,838,017

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

SK Holdings Co., Ltd.
Interim condensed separate statements of cash flows
for the six months ended June 30, 2020 and 2019

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

		For the six months ended June 30			
		Korean won		Translation into U.S. dollar (Note 2)	
		2020	2019	2020	2019
Notes		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash flows from operating activities:					
		₩	₩	\$	\$
		1,036,258	1,095,741	863,045	912,585
	27	(875,732)	(916,758)	(729,351)	(763,520)
	27	(25,541)	(3,806)	(21,272)	(3,170)
		2,431	3,061	2,025	2,549
		(97,165)	(99,159)	(80,924)	(82,584)
		995,283	1,174,759	828,919	978,395
		6,225	(122,065)	5,184	(101,662)
		1,041,759	1,131,773	867,626	942,593
Cash flows from investing activities:					
		(43,792)	(69,093)	(36,472)	(57,544)
		3,036	-	2,529	-
		303,255	-	252,565	-
		209	14	174	12
		-	20	-	17
		(61,972)	(105,489)	(51,613)	(87,856)
		(135,692)	(569,911)	(113,011)	(474,649)
		(67,646)	(11,427)	(56,339)	(9,517)
		(30,252)	(16,169)	(25,195)	(13,466)
		(27,061)	(15,898)	(22,538)	(13,241)
		(2,336)	(408)	(1,946)	(340)
		(62,251)	(788,361)	(51,846)	(656,584)
Cash flows from financing activities:					
		(740,000)	(240,000)	(616,307)	(199,883)
		607,413	637,307	505,882	530,780
		(211,503)	(225,577)	(176,150)	(187,871)
		(530,000)	(550,000)	(441,409)	(458,066)
		(26,169)	(28,515)	(21,795)	(23,749)
		(900,259)	(406,785)	(749,779)	(338,789)
		79,249	(63,373)	66,001	(52,780)
		116	195	98	161
		57,805	123,858	48,143	103,155
		₩ 137,170	₩ 60,680	\$ 114,242	\$ 50,536

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

1. Corporate information

SK Holdings Co., Ltd. (the "Company") was established on April 13, 1991, and has been engaged in providing systems integration, software design and development, information processing and consulting services, 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.

Upon the acquisition of SK Holdings Co., Ltd. by SK C&C Co., Ltd. effective on August 1, 2015, 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 to its current form as of the acquisition date.

As of June 30, 2020, the issued capital of the Company amounts to ₩15,385 million (including ₩113 million of preferred shares). Major shareholders and their equity ownership are Tae-won Chey, National Pension Service and Ki-won Choi, each holding 18.44%, 7.93% and 6.85% respectively, as of June 30, 2020.

2. Summary of basis of preparation and significant accounting policies

2.1 Basis of preparation

The Company prepares statutory interim condensed separate 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 separate 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 auditor's review report thereon, the Korean version, which used for regulatory reporting purposes, shall prevail.

The interim condensed separate financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as of December 31, 2019.

The accompanying interim condensed separate 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 separate financial statements and has been made at the rate of ₩1,200.70 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 year ended June 30, 2020. Such translations into U.S. dollar should not be construed as representations that the Korean won amounts could be converted into U.S. dollar at that or any other rate.

Pursuant to KIFRS 1027, the interim condensed separate financial statements are accounted for, by parent, investor in an associate or a joint venture on the basis of the direct equity interest rather than on the basis of the reported results and net assets of the investees.

2.2 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed separate financial statements are consistent with those followed in the preparation of the Company's annual separate financial statements for the year ended December 31, 2019, except for the adoption of new standards and interpretations effective as of January 1, 2020.

2.2.1 New and revised KIFRSs adopted in the current period

The Company has applied amendments to KIFRS issued that are mandatorily effective for accounting periods beginning on or after January 1, 2020.

KIFRS 1001 *Presentation of Financial Statements and KIFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors (Amended)*

The amendments align the definition of 'material' across the standards and clarify certain aspects of the definition. The new definition states that, 'information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. These amendments had no significant impact on the Company's financial position or management performance.

KIFRS 1103 *Definition of a Business (Amended)*

The amendment to KIFRS 1103 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no significant impact on the Company's financial position or management performance.

KIFRS 1107 *Financial Instruments: Disclosures, KIFRS 1109 Financial Instruments, KIFRS 1039 Financial Instruments: Recognition and Measurements (Amended)*

The amendments provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no significant impact on the Company's financial position or management performance.

KIFRS 1116 *COVID-19 related Rent Concessions (Amended)*

The amendment to KIFRS 1116 provides lessees with a practical expedient to elect not to assess whether rent concessions arising as a direct consequence of the COVID-19 pandemic constitutes a lease modification. Lessees may apply the practical expedient only if all conditions of the practical expedient are met and lessees that makes this election accounts for any change in lease payments resulting from the rent concessions the same way it would account for the change applying this standard if the change were not a lease modification. The amendment may be retrospectively applied to annual reporting periods beginning on or after June 1, 2020 and earlier application is permitted. The amendment had no significant impact on the Company's financial position or management performance.

2.2.2 New and revised KIFRSs issued, but not yet effective

The Company has no new and revised KIFRSs that have been issued, but are not yet effective for this accounting periods.

3. Significant accounting judgements, estimates and assumptions

When preparing the interim condensed separate 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 separate financial statements for the six months ended June 30, 2020, are consistent with those followed in the preparation of the separate financial statements for the year ended December 31, 2019.

In order to prevent the spread of COVID-19, various prevention and control measures including restrictions on movement are being implemented worldwide, and as a result, the global economy is widely affected. In particular, the Company invests in various industries such as the petroleum refining, telecommunications, wholesale and retail, chemicals, construction and others, and the Company is exposed to the uncertainties of the market due to the impact of COVID-19. As of the end of the reporting period, uncertainties due to the effects of COVID-19 have not been resolved, and these uncertainties may have a significant impact on the financial performance and cash flows of the Company.

SK Holdings Co., Ltd.
Notes to the interim condensed separate financial statements
June 30, 2020 and 2019 (Unaudited)

4. Financial instruments

4.1 Financial assets

Details of financial assets as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

	June 30, 2020			
	Financial assets measured at FVTPL	Financial assets measured at FVOCI	Financial assets measured at amortized cost	Total
Current assets:				
Cash and cash equivalents	₩ 132,332	₩ -	₩ 4,838	₩ 137,170
Short-term financial instruments	163,844	-	32,900	196,744
Trade receivables (*1)	-	-	303,663	303,663
Other receivables	-	-	2,769	2,769
Accrued income	-	-	88	88
Guarantee deposits	-	-	17,549	17,549
Lease receivables	-	-	24,941	24,941
Derivative financial assets	562	-	-	562
	<u>296,738</u>	<u>-</u>	<u>386,748</u>	<u>683,486</u>
Non-current assets:				
Long-term financial instruments	-	-	269	269
Long-term investment securities	327,803	299,649	457	627,909
Long-term guarantee deposits	-	-	6,331	6,331
Derivative financial assets	384,580	-	-	384,580
	<u>712,383</u>	<u>299,649</u>	<u>7,057</u>	<u>1,019,089</u>
	<u>₩ 1,009,121</u>	<u>₩ 299,649</u>	<u>₩ 393,805</u>	<u>₩ 1,702,575</u>

(*1) Contract assets (unbilled receivables) amounting to ₩203,577 million as of June 30, 2020 are not included in the financial instruments.

	December 31, 2019			
	Financial assets measured at FVTPL	Financial assets measured at FVOCI	Financial assets measured at amortized cost	Total
Current assets:				
Cash and cash equivalents	₩ 42,106	₩ -	₩ 15,699	₩ 57,805
Short-term financial instruments	103,052	-	49,900	152,952
Trade receivables (*1)	-	-	320,138	320,138
Short-term investment securities	17,339	-	-	17,339
Short-term loans	-	-	2,871	2,871
Other receivables	-	-	1,117	1,117
Accrued income	-	-	142	142
Guarantee deposits	-	-	11,698	11,698
Lease receivables	-	-	32,190	32,190
Derivative financial assets	351	-	-	351
	<u>162,848</u>	<u>-</u>	<u>433,755</u>	<u>596,603</u>
Non-current assets:				
Long-term financial instruments	-	-	269	269
Long-term investment securities	269,158	296,095	435	565,688
Long-term guarantee deposits	-	-	9,846	9,846
Long-term lease receivables	-	-	8,064	8,064
Derivative financial assets	384,645	-	-	384,645
	<u>653,803</u>	<u>296,095</u>	<u>18,614</u>	<u>968,512</u>
	<u>₩ 816,651</u>	<u>₩ 296,095</u>	<u>₩ 452,369</u>	<u>₩ 1,565,115</u>

(*1) Contract assets (unbilled receivables) amounting to ₩156,133 million as of December 31, 2019 are not included in the financial instruments.

SK Holdings Co., Ltd.
Notes to the interim condensed separate financial statements
June 30, 2020 and 2019 (Unaudited)

4.2 Financial liabilities

Details of financial liabilities as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

	June 30, 2020		
	Financial liabilities measured at FVTPL	Other financial liabilities	Total
Current liabilities:			
Short-term borrowings	₩ -	₩ 940,000	₩ 940,000
Trade payables	-	105,098	105,098
Other payables	-	105,529	105,529
Accrued expenses	-	43,973	43,973
Current portion of long-term debt	-	1,142,320	1,142,320
Leasehold deposits received	-	5,644	5,644
Lease liabilities	-	45,897	45,897
Derivative financial liabilities	223	-	223
	<u>223</u>	<u>2,388,461</u>	<u>2,388,684</u>
Non-current liabilities:			
Bonds payable	-	5,258,790	5,258,790
Long-term lease liabilities	-	32,249	32,249
Derivative financial liabilities	222,373	-	222,373
	<u>222,373</u>	<u>5,291,039</u>	<u>5,513,412</u>
	<u>₩ 222,596</u>	<u>₩ 7,679,500</u>	<u>₩ 7,902,096</u>
December 31, 2019			
	Financial liabilities measured at FVTPL	Other financial liabilities	Total
Current liabilities:			
Short-term borrowings	₩ -	₩ 1,680,000	₩ 1,680,000
Trade payables	-	160,253	160,253
Other payables	-	111,254	111,254
Accrued expenses	-	76,116	76,116
Current portion of long-term debt	-	1,132,548	1,132,548
Leasehold deposits received	-	192	192
Lease liabilities	-	56,535	56,535
Derivative financial liabilities	17	-	17
	<u>17</u>	<u>3,216,898</u>	<u>3,216,915</u>
Non-current liabilities:			
Bonds payable	-	5,192,962	5,192,962
Leasehold deposits received	-	5,385	5,385
Long-term lease liabilities	-	20,047	20,047
Derivative financial liabilities	222,359	-	222,359
	<u>222,359</u>	<u>5,218,394</u>	<u>5,440,753</u>
	<u>₩ 222,376</u>	<u>₩ 8,435,292</u>	<u>₩ 8,657,668</u>

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4.3 Fair values of financial instruments by hierarchy level

The Company 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

Details of fair value of financial instruments by hierarchy level as of June 30, 2020 and December 31, 2019 is as follows (Korean Won in millions):

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVTPL	₩ 296,176	₩ -	₩ 327,803	₩ 623,979
Financial assets measured at FVOCI	-	-	299,649	299,649
Derivative financial assets	-	562	384,580	385,142
	<u>₩ 296,176</u>	<u>₩ 562</u>	<u>₩ 1,012,032</u>	<u>₩ 1,308,770</u>
Financial liabilities:				
Derivative financial liabilities	₩ -	₩ 240	₩ 222,356	₩ 222,596

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVTPL	₩ 145,158	₩ -	₩ 286,497	₩ 431,655
Financial assets measured at FVOCI	-	-	296,095	296,095
Derivative financial assets	-	416	384,580	384,996
	<u>₩ 145,158</u>	<u>₩ 416</u>	<u>₩ 967,172</u>	<u>₩ 1,112,746</u>
Financial liabilities:				
Derivative financial liabilities	₩ -	₩ 20	₩ 222,356	₩ 222,376

Changes in Level 3 financial assets for the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

	For the six months ended June 30, 2020				
	Beginning balance	Acquisition	Valuation	Transfer	Ending balance
Financial assets measured at FVTPL	₩ 286,497	₩ 58,598	₩ 213	₩ (17,505)	₩ 327,803
Financial assets measured at FVOCI	296,095	3,554	-	-	299,649
Derivative financial assets	384,580	-	-	-	384,580
	<u>₩ 967,172</u>	<u>₩ 62,152</u>	<u>₩ 213</u>	<u>₩ (17,505)</u>	<u>₩ 1,012,032</u>

	For the six months ended June 30, 2019				
	Beginning balance	Acquisition	Valuation	Transfer	Ending balance
Financial assets measured at FVTPL	₩ 162,475	₩ 105,489	₩ 758	-	₩ 268,722
Financial assets measured at FVOCI	232,216	-	-	-	232,216
Derivative financial assets	175,993	-	-	-	175,993
	<u>₩ 570,684</u>	<u>₩ 105,489</u>	<u>₩ 758</u>	<u>₩ -</u>	<u>₩ 676,931</u>

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5. Trade receivables

Details of trade receivables as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

	June 30, 2020		December 31, 2019	
Trade receivables:				
Trade receivables	₩	304,306	₩	320,709
Contract assets (unbilled receivables)		203,577		156,133
		507,883		476,842
Allowance for doubtful accounts:				
Trade receivables		(643)		(571)
	₩	507,240	₩	476,271

6. Inventories

Details of inventories as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

	June 30, 2020			December 31, 2019		
	Cost	Valuation		Cost	Valuation	
		allowance	Book value		allowance	Book value
Raw materials	₩ 295	₩ -	₩ 295	₩ 147	₩ -	₩ 147

7. Investment securities

(1) Details of investment securities as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

	June 30, 2020		December 31, 2019	
	Cost	Book value	Cost	Book value
Financial assets measured at FVTPL:				
Equity instruments	₩ 90,790	₩ -	₩ 90,790	₩ -
Debt securities (*1)	236,824	262,999	203,596	229,606
Money invested and others	61,931	64,804	54,066	56,891
Financial assets measured at FVOCI:				
Equity instruments (*2)	284,232	299,649	280,678	296,095
Financial assets measured at Amortized cost:				
Debt securities	394	457	394	435
	₩ 674,171	₩ 627,909	₩ 629,524	₩ 583,027

(*1) It consists of convertible redeemable preferred shares of GRAB Holdings Inc., and convertible bonds of Kinestral Technologies Inc. and Remedi. In addition, Socar convertible bonds that the company held was converted into common shares. Accordingly, investment securities have been reclassified as investments in associates.

(*2) The Company applied the irrevocable option to designate the equity instruments held for strategic investment, not for held-for-trading purpose, as financial assets measured at FVOCI on the first application date of KIFRS 1109.

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7. Investment securities (cont'd)

(2) Details of investment securities as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

	June 30, 2020		December 31, 2019	
	Acquisition cost	Book value	Acquisition cost	Book value
Non-marketable equity instruments	₩ 375,022	₩ 299,649	₩ 371,468	₩ 296,095
Debt securities	237,218	263,456	203,990	230,041
Money invested and others	61,931	64,804	54,066	56,891
	<u>₩ 674,171</u>	<u>₩ 627,909</u>	<u>₩ 629,524</u>	<u>₩ 583,027</u>

(3) Changes in investment securities for the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

	For the six months ended	
	June 30, 2020	June 30, 2019
Beginning balance	₩ 583,027	₩ 395,085
Acquisitions	62,152	105,489
Gain on valuation and amortized	235	777
Transfer	(17,505)	-
Ending balance	<u>₩ 627,909</u>	<u>₩ 501,351</u>

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8. Investments in subsidiaries

(1) Details of investments in subsidiaries as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

	Domicile	Principal business activity	June 30, 2020		December 31, 2019	
			Equity ownership (%) (*1)	Acquisition cost	Book value	Book value
SK Innovation Co., Ltd. (*2)	Korea	Resource development	33.40	₩ 3,072,937	₩ 3,072,937	₩ 3,072,937
SK Telecom Co., Ltd. (*2)	Korea	Mobile	26.78	5,416,019	5,416,019	5,416,019
SK Networks Co., Ltd. (*2)	Korea	Tele-communication				
SKC Co., Ltd. (*2)	Korea	Trading and distribution	39.14	706,229	706,229	706,229
SK E&S Co., Ltd.	Korea	Petrochemicals	41.00	548,654	548,654	548,654
SK Engineering & Construction Co., Ltd. (*2)	Korea	City gas business	90.00	2,600,000	2,600,000	2,600,000
SK Siltron Co., Ltd.	Korea	Construction	44.48	545,300	545,300	545,300
SK Biopharmaceuticals Co., Ltd. (*3)	Korea	Manufacturing and sales of silicon thin sheet	51.00	622,606	622,606	622,606
SK Materials Co., Ltd. (*2)	Korea	Life science	75.00	432,562	432,562	478,702
SK Forest Co., Ltd.	Korea	Special-gas	49.10	473,335	473,335	473,335
HWEECHAN Co., Ltd.	Korea	manufacturing and sales				
SK Pharmteco Inc.	USA	Landscape construction	100.00	61,387	61,387	61,387
Plutus Capital NY, Inc.	USA	Resort business	100.00	28,483	28,483	28,483
SK China Company, Ltd. (*4)	Hong Kong	Investment	100.00	875,245	875,245	875,245
SK South East Asia Investment Pte. Ltd. (*4, 5)	Singapore	Investment	27.42	557,542	557,542	557,542
Golden Pearl EV Solutions Limited	Hong Kong	Consulting	20.00	345,010	345,010	224,350
Plutus Fashion NY, Inc.	USA	Investment	100.00	281,360	281,360	281,360
Saturn Agriculture Investment Co., Ltd.	Hong Kong	Investment	100.00	74,113	74,113	74,113
Socar Mobility Malaysia, SDN. BHD. (*6)	Malaysia	Investment	81.00	67,093	67,093	67,093
SK S.E.Asia Pte. Ltd.	Singapore	Rental of cars	79.43	29,221	29,221	-
SK C&C Beijing Co., Ltd.	China	Investment	100.00	25,847	25,847	25,847
SK GI Management	Cayman	Computer system	100.00	25,481	25,481	25,481
SK Investment Management Co., Ltd.	Hong Kong	Investment	100.00	9,523	9,523	9,523
Gemini Partners Pte. Ltd. (*4)	Singapore	Investment	80.76	9,201	9,201	9,201
SK MENA Investment B.V. (*4)	Netherlands	Consulting	20.00	6,018	2,601	2,601
SK Latin Americas Investment S.A. (*4)	Spain	Investment	11.54	5,178	5,178	5,178
SK C&C India Pvt. Ltd.	India	Investment	11.54	5,135	5,135	5,135
SK Technology Innovation Company (*4)	Cayman	Computer system	100.00	3,442	382	382
S&G Technology	Saudi Arabia	Research and development	2.12	1,876	1,876	1,876
		Computer system	51.00	74	74	74
				<u>₩ 17,415,988</u>	<u>₩ 17,409,511</u>	<u>₩ 17,305,770</u>

(*1) Equity ownership is calculated based on the common shares.

(*2) SK Innovation Co., Ltd. and 5 others were classified as investments in subsidiaries as the Company is able to exercise de facto control. The remaining voting rights of SK Innovation Co., Ltd. and five other companies are widely dispersed, and the Company's voting rights are sufficient to give it power.

(*3) During the current reporting period, the IPO of SK Biopharmaceuticals Co., Ltd., a subsidiary of the Company, was made. As the company sold its holding shares during the IPO process, ownership ratio has been changed.

(*4) Classified as investments in subsidiaries as control can be exercised using indirect equity ownership through the Company's subsidiaries.

(*5) During the current reporting period, the Company made additional capital contributions.

(*6) During the current reporting period, the Company has acquired control over Socar Mobility Malaysia, SDN. BHD by additionally acquiring a 29% of equity ownership. Accordingly, investment in a joint venture has been reclassified as investment in subsidiaries.

(2) Fair value of marketable investments in subsidiaries as of June 30, 2020 is as follows (Korean won in millions):

	June 30, 2020
SK Innovation Co., Ltd.	₩ 4,045,776
SK Telecom Co., Ltd.	4,562,689
SK Networks Co., Ltd.	461,429
SKC Co., Ltd.	938,790
SK Materials Co., Ltd.	1,035,707

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9. Investments in associates and joint ventures

Details of investments in associates and joint ventures as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

	Domicile	Principal business activity	June 30, 2020			December 31, 2019
			Equity ownership (%)	Acquisition cost	Book value	Book value
Investments in associates:						
Socar, Inc. (*1, 2)	Korea	Rental of cars	24.86	₩ 109,304	₩ 109,304	₩ 91,800
SMCore Inc.	Korea	Manufacturing and sales of automated logistics system	26.60	39,419	39,419	39,419
K Solar 1st Co., Ltd. (*3)	Korea	Solar power operation	49.00	30,948	30,948	-
Standigm Inc. (*4)	Korea	Software development	12.94	9,402	9,402	9,402
Cloocus Co., Ltd. (*4)	Korea	Information and communication service	18.84	6,500	6,500	6,500
Begas Co., Ltd. (*1, 4)	Korea	Management consulting	17.86	5,000	5,000	5,000
THiRA-UTECH Co., Ltd. (*4)	Korea	Service manufacturing	13.80	4,200	4,200	4,200
PUMP Co., Ltd. (*4)	Korea	Electric kickboard rental	12.87	3,000	3,000	3,000
ACRYL Inc. (*1, 4)	Korea	Information service	17.14	2,500	2,500	2,500
TWO LINE CODE Inc. (*3)	Korea	Software development	33.77	2,500	2,500	-
Daehan Kanggun BcN Co., Ltd. (*5)	Korea	Wired communication	0.20	58	-	-
ESR Cayman Limited (*4)	Cayman	Investment	11.08	493,627	493,627	493,627
9352-7281 Quebec Inc.	Canada	Investment	40.09	31,558	31,558	31,558
SES Holdings Pte. Ltd. (*4)	Singapore	Investment	12.65	28,791	28,791	28,791
Belstar Superfreeze Holdings, LLC (*3)	Cayman	Warehouse business	20.00	25,232	25,232	-
FSK Holdings Co., Ltd.	Hong Kong	IT service	30.00	11,937	6,245	6,245
Kinestral Technologies Inc. (*1, 4)	USA	Manufacturing discolored glass	4.66	8,498	8,498	8,498
Hummingbird Bioscience Holdings Pte. Ltd. (*3, 4)	Singapore	Development of new antibody drugs	11.16	7,433	7,433	-
Mozido Corfire, Inc. (*4)	USA	System consulting	19.94	6,767	-	-
Visible Patient S.A.S. (*1, 4)	France	Manufacturing related to medicine	13.51	4,461	4,461	2,928
				<u>831,135</u>	<u>818,618</u>	<u>733,466</u>
Investments in joint ventures:						
Hana Land Chip PEF 33 (*5)	Korea	Real estate	13.51	₩ 40,000	₩ 40,000	₩ 40,000
Socar Mobility Malaysia, SDN. BHD. (*6)	Malaysia	Rental of cars	-	-	-	14,189
				<u>40,000</u>	<u>40,000</u>	<u>54,189</u>
				<u>₩ 871,135</u>	<u>₩ 858,618</u>	<u>₩ 787,657</u>

(*1) The ownership is calculated considering preferred shares with voting rights.

(*2) During the current period, Socar convertible bonds that the company held was converted into common shares. Accordingly, investment securities have been reclassified as investments in associates.

(*3) During the current period, the Company newly acquired the investee.

(*4) As the Company is able to exercise significant influence over the entity although its ownership interest is less than 20%, the investment in the entity was classified as investments in associates.

(*5) The investment in the entity was classified as investments in associates and joint ventures based on the indirect ownership interest of the Company's subsidiary.

(*6) During the current reporting period, the Company has acquired control over Socar Mobility Malaysia, SDN. BHD by additionally acquiring a 29% of equity ownership. Accordingly, investment in a joint venture has been reclassified as investment in subsidiaries.

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10. Property, plant and equipment

(1) Details of property, plant and equipment as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

	June 30, 2020			December 31, 2019		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Land	₩ 96,375	₩ -	₩ 96,375	₩ 95,831	₩ -	₩ 95,831
Buildings	340,806	(62,238)	278,568	338,945	(57,356)	281,589
Structures	9,734	(1,326)	8,408	9,734	(1,128)	8,606
Vehicles	12,739	(3,088)	9,651	12,548	(2,666)	9,882
Furniture and fixtures	363,995	(253,293)	110,702	341,698	(237,447)	104,251
Construction-in-progress	25,689	-	25,689	20,063	-	20,063
	₩ 849,338	₩ (319,945)	₩ 529,393	₩ 818,819	₩ (298,597)	₩ 520,222

(2) Details of changes in property, plant and equipment for the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

	For the six months ended June 30, 2020					
	Beginning balance	Acquisition	Depreciation	Disposal	Transfer (*1)	Ending balance
Land	₩ 95,831	₩ -	₩ -	₩ (264)	₩ 808	₩ 96,375
Buildings	281,589	-	(4,882)	-	1,861	278,568
Structures	8,606	-	(198)	-	-	8,408
Vehicles	9,882	191	(422)	-	-	9,651
Furniture and fixtures	104,251	18,036	(17,062)	(6)	5,483	110,702
Construction-in-progress	20,063	13,778	-	-	(8,152)	25,689
	₩ 520,222	₩ 32,005	₩ (22,564)	₩ (270)	₩ -	₩ 529,393

	For the six months ended June 30, 2019					
	Beginning balance	Acquisition	Depreciation	Disposal	Transfer (*1)	Ending balance
Land	₩ 84,251	₩ -	₩ -	₩ -	₩ (3,342)	₩ 80,909
Buildings	275,643	-	(4,450)	-	(3,907)	267,286
Structures	8,031	-	(186)	-	568	8,413
Vehicles	5,025	255	(164)	-	-	5,116
Furniture and fixtures	104,183	6,453	(16,925)	(10)	-	93,701
Construction-in-progress	17,670	8,105	-	-	(7,535)	18,240
	₩ 494,803	₩ 14,813	₩ (21,725)	₩ (10)	₩ (14,216)	₩ 473,665

(*1) This includes replacements from construction-in-progress to the main property, plant and equipment account or investment property.

11. Right-of-use assets and lease liabilities

(1) Details of right-of-use assets as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

	June 30, 2020			December 31, 2019		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Land and buildings	₩ 74,132	₩ (29,593)	₩ 44,539	₩ 56,405	₩ (19,931)	₩ 36,474
Vehicles	7,819	(2,013)	5,806	5,383	(1,808)	3,575
Machinery	-	-	-	183	(61)	122
Furniture and fixtures	328	(194)	134	335	(113)	222
	₩ 82,279	₩ (31,800)	₩ 50,479	₩ 62,306	₩ (21,913)	₩ 40,393

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11. Right-of-use assets and lease liabilities (cont'd)

(2) Changes in right-of-use assets for the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

	For the six months ended June 30, 2020					Ending balance
	Beginning balance	Increase	Depreciation	Others (*1)		
Land and buildings	₩ 36,474	₩ 22,553	₩ (15,053)	₩ 565	₩	44,539
Vehicles	3,575	4,133	(1,219)	(683)		5,806
Machinery	122	-	-	(122)		-
Furniture and fixtures	222	-	(84)	(4)		134
	<u>₩ 40,393</u>	<u>₩ 26,686</u>	<u>₩ (16,356)</u>	<u>₩ (244)</u>		<u>₩ 50,479</u>

	For the six months ended June 30, 2019					Ending balance
	Beginning balance	Change of accounting policies	Increase	Depreciation	Others (*1)	
Land and buildings	₩ -	₩ 64,375	₩ 3,357	₩ (14,050)	₩ (3,511)	₩ 50,171
Vehicles	-	2,802	1,819	(828)	(216)	3,577
Machinery	-	183	-	(30)	-	153
Furniture and fixtures	-	425	51	(92)	(79)	305
	<u>₩ -</u>	<u>₩ 67,785</u>	<u>₩ 5,227</u>	<u>₩ (15,000)</u>	<u>₩ (3,806)</u>	<u>₩ 54,206</u>

(*1) The amounts include adjustments to the right-to-use assets according to the remeasurement of the lease liabilities and others.

(3) Changes in lease liabilities for the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

	For the six months ended June 30, 2020					Ending balance
	Beginning balance	Increase	Interest expenses	Decrease (payment)	Others (*1)	
Lease liabilities	₩ 76,582	₩ 26,406	₩ 854	₩ (27,023)	₩ 1,327	₩ 78,146

	For the six months ended June 30, 2019					Ending balance
	Beginning Balance	Change of accounting policies	Increase	Interest expenses	Decrease (payment)	
Lease liabilities	₩ -	₩ 132,448	₩ 5,227	₩ 1,221	₩ (29,736)	₩ 104,625

(*1) The amounts include adjustments to the remeasurement of the lease liabilities which is lease modification that is not accounted for as a separate lease and others.

The Company recognized lease payments of ₩1,141 million in relation to short-term lease and ₩627 million in relation to leases of low-value assets during six-months period.

12. Investment properties

(1) Details of investment properties as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

	June 30, 2020			December 31, 2019		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Buildings	₩ 9,810	₩ (2,096)	₩ 7,714	₩ 9,810	₩ (1,883)	₩ 7,927

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12. Investment properties (cont'd)

(2) Changes in investment properties for the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

	For the six months ended June 30, 2020				
	Beginning balance	Increase (decrease)	Depreciation	Ending balance	
Buildings	₩ 7,927	₩ -	₩ (213)	₩ 7,714	

	For the six months ended June 30, 2019				
	Beginning balance	Account policy changes (*1)	Depreciation	Transfer (*2)	Ending balance
Land	₩ -	₩ -	₩ -	₩ 3,342	₩ 3,342
Buildings	₩ 8,353	₩ 666	₩ (663)	₩ 10,874	₩ 19,230
	₩ 8,353	₩ 666	₩ (663)	₩ 14,216	₩ 22,572

(*1) Consist of replacements from right-of-use asset that meets the definition of investment properties according to the first application of KIFRS 1116.

(*2) This includes replacements from property, plant and equipment to investment properties.

13. Intangible assets

(1) Details of intangible assets as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

	June 30, 2020				December 31, 2019			
	Acquisition cost	Accumulated amortization	Accumulated impairment	Book value	Acquisition cost	Accumulated amortization	Accumulated impairment	Book value
Development costs	₩ 145,831	₩ (61,153)	₩ (2,518)	₩ 82,160	₩ 125,917	₩ (50,978)	₩ (2,518)	₩ 72,421
Memberships	60,506	-	(13,648)	46,858	56,639	-	(13,648)	42,991
Brand-related assets	1,975,000	-	-	1,975,000	1,975,000	-	-	1,975,000
Others	44,079	(11,583)	-	32,496	40,798	(9,107)	-	31,691
	₩ 2,225,416	₩ (72,736)	₩ (16,166)	₩ 2,136,514	₩ 2,198,354	₩ (60,085)	₩ (16,166)	₩ 2,122,103

(2) Changes in intangible assets for the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

	For the six months ended June 30, 2020					
	Beginning balance	Acquisition	Amortization	Disposal	Transfer	Ending balance
Development costs	₩ 72,421	₩ 19,914	₩ (10,175)	₩ -	₩ -	₩ 82,160
Memberships (*1)	42,991	3,867	-	-	-	46,858
Brand-related assets (*1)	1,975,000	-	-	-	-	1,975,000
Others	31,691	3,281	(2,476)	-	-	32,496
	₩ 2,122,103	₩ 27,062	₩ (12,651)	₩ -	₩ -	₩ 2,136,514

	For the six months ended June 30, 2019					
	Beginning balance	Acquisition	Amortization	Disposal	Transfer	Ending balance
Development costs	₩ 57,993	₩ 12,493	₩ (7,651)	₩ -	₩ (585)	₩ 62,250
Memberships (*1)	40,543	1,550	-	(21)	-	42,072
Brand-related assets (*1)	1,975,000	-	-	-	-	1,975,000
Others	32,162	1,864	(2,001)	-	-	32,025
	₩ 2,105,698	₩ 15,907	₩ (9,652)	₩ (21)	₩ (585)	₩ 2,111,347

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

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14. Borrowings and bonds payable

(1) Short-term borrowings

Details of short-term borrowings as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

Description	Financial institution	Interest rate (%)	June 30, 2020	December 31, 2019
Working capital loan	Shinhan Bank	-	₩ -	₩ 250,000
Working capital loan	KB Bank	-	-	250,000
Working capital loan	Woori Bank	-	-	240,000
Working capital loan	Industrial & Commercial Bank of China	-	-	100,000
Working capital loan	Hana Bank	-	-	50,000
Commercial paper	SK Securities	1.40 ~ 2.22	290,000	330,000
Commercial paper	KB Securities	0.99 ~ 2.20	280,000	340,000
Commercial paper	Woori investment bank	1.64 ~ 2.46	250,000	-
Commercial paper	Korea Development Bank	0.99~ 2.20	100,000	-
Commercial paper	Hana Financial Investment Co., Ltd.	2.20	20,000	-
Commercial paper	Korea Investment & Securities	-	-	100,000
Commercial paper	NH Investment & Securities	-	-	20,000
			₩ 940,000	₩ 1,680,000

(2) Bonds payable

Details of bonds payable as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

Issuance number	Interest rate (%)	Maturity	Security	June 30, 2020	December 31, 2019
259-2nd	-	2020-06-03	Unsecured	₩ -	₩ 100,000
260-2nd	3.84	2020-09-06	Unsecured	100,000	100,000
261-2nd	3.97	2020-12-03	Unsecured	100,000	100,000
262-2nd	3.68	2021-02-12	Unsecured	100,000	100,000
263-2nd	3.36	2021-05-30	Unsecured	100,000	100,000
264-2nd	3.25	2021-08-05	Unsecured	170,000	170,000
265-3rd	2.66	2021-12-02	Unsecured	100,000	100,000
266-1st	-	2020-02-06	Unsecured	-	150,000
266-2nd	2.39	2022-02-06	Unsecured	100,000	100,000
270-3rd	3.80	2022-11-02	Unsecured	50,000	50,000
271-2nd	-	2020-02-27	Unsecured	-	100,000
272-3rd	3.92	2020-08-30	Unsecured	60,000	60,000
273-2nd	3.79	2021-03-25	Unsecured	100,000	100,000
273-3rd	4.26	2024-03-25	Unsecured	100,000	100,000
274-2nd	2.17	2020-09-30	Unsecured	150,000	150,000
274-3rd	2.34	2022-09-30	Unsecured	80,000	80,000
275-2nd	2.52	2020-12-07	Unsecured	120,000	120,000
275-3rd	2.66	2022-12-07	Unsecured	60,000	60,000
276-2nd	2.02	2021-03-07	Unsecured	120,000	120,000
276-3rd	2.26	2023-03-07	Unsecured	150,000	150,000
277-2nd	1.93	2021-06-01	Unsecured	120,000	120,000
277-3rd	2.16	2023-06-01	Unsecured	120,000	120,000
277-4th	2.43	2026-06-01	Unsecured	60,000	60,000
278-2nd	1.65	2021-09-07	Unsecured	110,000	110,000
278-3rd	1.80	2023-09-07	Unsecured	110,000	110,000
279-1st	-	2020-03-06	Unsecured	-	90,000
279-2nd	2.34	2022-03-06	Unsecured	190,000	190,000
279-3rd	2.58	2024-03-06	Unsecured	120,000	120,000
280-1st	-	2020-06-01	Unsecured	-	90,000
280-2nd	2.39	2022-06-01	Unsecured	200,000	200,000

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14. Borrowings and bonds payable (cont'd)

Issuance number	Interest rate (%)	Maturity	Security	June 30, 2020	December 31, 2019
280-3rd	2.67	2024-06-01	Unsecured	₩ 110,000	₩ 110,000
281-2nd	2.40	2022-08-04	Unsecured	130,000	130,000
281-3rd	2.62	2024-08-04	Unsecured	70,000	70,000
282-1st	2.47	2020-10-25	Unsecured	70,000	70,000
282-2nd	2.79	2022-10-25	Unsecured	150,000	150,000
282-3rd	2.86	2024-10-25	Unsecured	80,000	80,000
283-1st	2.88	2023-02-27	Unsecured	150,000	150,000
283-2nd	2.99	2025-02-27	Unsecured	60,000	60,000
283-3rd	3.26	2028-02-27	Unsecured	100,000	100,000
284-1st	2.87	2023-06-08	Unsecured	170,000	170,000
284-2nd	3.01	2025-06-08	Unsecured	60,000	60,000
284-3rd	3.09	2028-06-08	Unsecured	100,000	100,000
285-1st	2.36	2023-09-06	Unsecured	150,000	150,000
285-2nd	2.47	2025-09-06	Unsecured	60,000	60,000
285-3rd	2.55	2028-09-06	Unsecured	120,000	120,000
286-1st	2.20	2021-11-29	Unsecured	130,000	130,000
286-2nd	2.37	2023-11-29	Unsecured	100,000	100,000
287-1st	2.17	2024-02-27	Unsecured	150,000	150,000
287-2nd	2.23	2026-02-27	Unsecured	70,000	70,000
287-3rd	2.35	2029-02-27	Unsecured	80,000	80,000
288-1st	1.81	2024-06-04	Unsecured	170,000	170,000
288-2nd	1.83	2026-06-04	Unsecured	60,000	60,000
288-3rd	1.87	2029-06-04	Unsecured	110,000	110,000
289-1st	1.62	2022-09-20	Unsecured	130,000	130,000
289-2nd	1.76	2024-09-20	Unsecured	120,000	120,000
289-3rd	1.84	2029-09-20	Unsecured	70,000	70,000
290-1st	1.74	2022-11-28	Unsecured	80,000	80,000
290-2nd	1.83	2024-11-28	Unsecured	90,000	90,000
290-3rd	1.89	2029-11-28	Unsecured	70,000	70,000
291-1st	1.52	2023-02-20	Unsecured	70,000	-
291-2nd	1.63	2025-02-20	Unsecured	160,000	-
291-3rd	1.70	2027-02-20	Unsecured	40,000	-
291-4th	1.80	2030-02-20	Unsecured	60,000	-
292-1st	1.50	2023-06-03	Unsecured	110,000	-
292-2nd	1.69	2025-06-03	Unsecured	120,000	-
292-3rd	1.79	2030-06-03	Unsecured	50,000	-
				6,410,000	6,330,000
				(8,890)	(4,490)
				(1,142,320)	(1,132,548)
				<u>₩ 5,258,790</u>	<u>₩ 5,192,962</u>

Less: discount on bonds payable
Less: current portion

(3) The Company's bonds payable repayment schedule as of June 30, 2020 is as follows (Korean won in millions):

Year ending	Amount of repayment
July 1, 2020 ~ June 30, 2021	₩ 1,140,000
July 1, 2021 ~ June 30, 2022	1,000,000
July 1, 2022 ~ June 30, 2023	1,450,000
July 1, 2023 ~ June 30, 2024	1,010,000
July 1, 2024 and thereafter	1,810,000
	<u>₩ 6,410,000</u>

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15. Provisions

Changes in provisions for the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

		For the six months ended June 30, 2020					
		Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
Provision for service warranties	₩	3,948	₩ 1,126	₩ (1,774)	₩ 3,300	₩ 3,300	₩ -
Other provisions		2,598	280	(602)	2,276	1,996	280
	₩	<u>6,546</u>	<u>₩ 1,406</u>	<u>₩ (2,376)</u>	<u>₩ 5,576</u>	<u>₩ 5,296</u>	<u>₩ 280</u>

		For the six months ended June 30, 2019						
		Beginning Balance	Change of accounting policies	Increase	Decrease	Ending balance	Current	Non-current
Provision for service warranties	₩	3,038	₩ -	₩ 1,271	₩ (2,835)	₩ 1,474	₩ 1,474	₩ -
Other provisions		166	1,882	216	(194)	2,070	188	1,882
	₩	<u>3,204</u>	<u>₩ 1,882</u>	<u>₩ 1,487</u>	<u>₩ (3,029)</u>	<u>₩ 3,544</u>	<u>₩ 1,662</u>	<u>₩ 1,882</u>

The Company estimates a provision for service warranties for revenue from projects based on historical claim rates and past experiences. Meanwhile, other provisions consist of restructuring liabilities and provision for losses. If the underlying asset must be restored to its original value after the expiration of the contract period based on the lease contract, the restoration obligation is recognized as the present value of the estimated cost of removing, dismantling, and repairing the facility. In the event that future losses are expected to be incurred with respect to an ongoing project, the Company recognized the expected loss as provision for losses immediately.

16. Defined benefit liabilities

(1) Defined contribution plans

The Company partly operates a defined contribution plan for certain employees. The expenses related to the defined contributions plans recognized for the six months ended June 30, 2020, were ₩31 million.

(2) Defined benefit plans

Those employees selecting the defined benefit plans shall be paid fixed amounts upon retirement, where certain conditions are met. In addition, the Company uses the projected unit credit method based on actuarial assumptions for the defined liabilities and plan assets.

(3) Details of defined benefit liabilities as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

	June 30, 2020		December 31, 2019	
Present value of defined benefit obligation	₩	386,962	₩	355,114
Fair value of plan assets		(313,492)		(322,967)
	₩	<u>73,470</u>	₩	<u>32,147</u>

SK Holdings Co., Ltd.
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16. Defined benefit liabilities (cont'd)

(4) Changes in the defined benefit liabilities for the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

	For the six months ended June 30, 2020		
	Present value of defined benefit obligation	Fair value of plan assets	Total
Beginning balance	₩ 355,114	₩ (322,967)	₩ 32,147
Provision for pension benefits:			
Current service cost	21,569	-	21,569
Net interest expense (income)	3,710	(3,682)	28
Remeasurement:			
Return on plan assets (excluding amounts included in net interest expense)	-	353	353
Actuarial changes arising from changes in financial assumptions and others	4,555	-	4,555
Experience adjustments and others	13,347	-	13,347
Benefit paid	(18,475)	18,341	(134)
Others	7,142	(5,537)	1,605
Ending balance	<u>₩ 386,962</u>	<u>₩ (313,492)</u>	<u>₩ 73,470</u>
	For the six months ended June 30, 2019		
	Present value of defined benefit obligation	Fair value of plan assets	Total
Beginning balance	₩ 297,845	₩ (253,442)	₩ 44,403
Provision for pension benefits:			
Current service cost	17,363	-	17,363
Net interest expense (income)	3,474	(3,211)	263
Re-measurement:			
Return on plan assets (excluding amounts included in net interest expense)	-	1,043	1,043
Actuarial changes arising from changes in financial assumptions	12,689	-	12,689
Experience adjustments	12,068	-	12,068
Contributions by employer directly to plan assets	-	(3,000)	(3,000)
Benefit paid	(5,657)	7,900	2,243
Others	2,746	(1,512)	1,234
Ending balance	<u>₩ 340,528</u>	<u>₩ (252,222)</u>	<u>₩ 88,306</u>

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17. Other assets and liabilities

(1) Details of other assets as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

	<u>June 30, 2020</u>		<u>December 31, 2019</u>	
Current assets:				
Accrued income	₩	88	₩	142
Advanced payments		3,368		3,240
Prepaid expenses		30,233		19,526
Short-term loans		-		2,871
Current tax assets		-		6,548
Guarantee deposits		17,549		11,698
Lease receivables		24,941		32,190
Derivative financial assets		562		351
Others		273		178
	₩	<u>77,014</u>	₩	<u>76,744</u>
Non-current assets:				
Long-term financial instruments	₩	269	₩	269
Long-term guarantee deposits		6,331		9,846
Long-term lease receivables		-		8,064
Derivative financial assets		384,580		384,645
Others		127		127
	₩	<u>391,307</u>	₩	<u>402,951</u>

(2) Details of other liabilities as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

	<u>June 30, 2020</u>		<u>December 31, 2019</u>	
Current liabilities:				
Advances received	₩	163,262	₩	67,861
Withholdings		19,506		21,760
Income tax payable		204,125		-
Leasehold deposits received		5,644		192
Lease liabilities		45,897		56,535
Derivative financial liabilities		223		17
	₩	<u>438,657</u>	₩	<u>146,365</u>
Non-current liabilities:				
Leasehold deposits received	₩	-	₩	5,385
Long-term lease liabilities		32,249		20,047
Derivative financial liabilities		222,373		222,359
Long-term employee benefits		10,472		10,442
	₩	<u>265,094</u>	₩	<u>258,233</u>

18. Derivative financial assets and liabilities

The Company has entered into foreign currency forward contracts to manage fluctuations in currency exchange rates relating to its contracts denominated in foreign currencies and has entered total return swap contracts with certain of subsidiaries' common share investors and others. Details of assets and liabilities after valuation as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

	<u>June 30, 2020</u>		<u>December 31, 2019</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Forward contract	₩	562	₩	416
Total return swap contract (see Note 28)		384,580		222,356
	₩	<u>385,142</u>	₩	<u>222,596</u>
		240		20
	₩	<u>384,580</u>	₩	<u>384,996</u>
	₩	<u>385,142</u>	₩	<u>222,376</u>

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19. Equity

19.1 Issued capital

Details of issued capital as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions, except for number of shares):

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Number of shares authorized for issue	400,000,000	400,000,000
Par value 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
	<u>₩ 15,385</u>	<u>₩ 15,385</u>

The Company retired 6,000,000 shares of its treasury stock (par value: ₩1,200 million) in 2015 by reducing retained earnings, which resulted in a difference between total par value of ordinary shares and issued capital.

19.2 Other paid-in capital

Details of other paid-in capital as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Additional paid-in capital (*1)	₩ 5,605,831	₩ 5,605,831
Treasury share (*2)	(1,812,042)	(1,812,042)
Stock option	4,209	3,783
Others	(292,892)	(292,892)
	<u>₩ 3,505,106</u>	<u>₩ 3,504,680</u>

(*1) During the year ended December 31, 2015, the Company repurchased treasury shares of ₩3,369,395 million from merger with the former SK Holdings Co., Ltd. which was recognized as a contra-equity account on additional paid-in capital.

(*2) As of June 30, 2020, treasury share consists of those acquired to increase the enterprise value and to stabilize share price (7,034,276 ordinary shares), and those acquired from repurchase of shares from dissenting shareholders on business combination and shares arising from odd lot shares (11,021,674 ordinary shares and 1,818 preferred shares) during the year 2015.

19.3 Retained earnings

Details of retained earnings as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Legal reserve (*1)	₩ 7,693	₩ 7,693
Voluntary reserve	62,897	62,897
Unappropriated retained earnings	10,611,140	9,800,222
	<u>₩ 10,681,730</u>	<u>₩ 9,870,812</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 shareholders.

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19.4 Other components of equity

Details of other components of equity as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Gain on financial assets measured at FVOCI	₩ 11,685	₩ 11,685

19.5 Stock option

Upon resolution by the shareholders and the Board of Directors, the Company established a stock option program that entitles key management personnel an option to purchase ordinary shares. The terms and conditions related to the stock options granted under the share option program are as follows:

	<u>1-1</u>	<u>1-2</u>	<u>1-3</u>	<u>2</u>
Grant date	2017-03-24	2017-03-24	2017-03-24	2020-03-25
Type of shares to be issued	Ordinary shares			
Grant method	Reissue of treasury shares, but if the stock option's exercise price is lower than the stock's real price (evaluated based on exercise date), the Company may settle the difference in cash or with treasury share equivalent to the difference amount.			
Number of shares (shares)	41,429	41,430	41,431	214,038
Exercise price (Korean won)	₩ 226,290	₩ 244,400	₩ 263,950	₩ 153,450
Contractual life of options	2019.03.25 ~2022.03.24	2020.03.25 ~2023.03.24	2021.03.25 ~2024.03.24	2023.03.26 ~2027.03.25
Vesting conditions	2 year service from the grant date	3 year service from the grant date	4 year service from the grant date	2 year service from the grant date

Share compensation expense recognized during the current reporting period is ₩426 million (accumulated share compensation expense: ₩4,209 million) and the remaining share compensation expense to be recognized in later periods are ₩1,839 million.

The Company used the binomial option pricing model, and the inputs used in the measurement of the fair values at the grant date of the share-based payment plans are as follows:

	<u>1-1</u>	<u>1-2</u>	<u>1-3</u>	<u>2</u>
Risk-free interest rate	1.86%	1.95%	2.07%	1.61%
Option life	5 years	6 years	7 years	7 years
Expected price (Closing price on the preceding day in Korean won)	₩ 236,000	₩ 236,000	₩ 236,000	₩ 134,000
Expected volatility	16.78%	16.78%	16.78%	15.35%
Rate of returns	1.60%	1.60%	1.60%	1.55%
Exercise price (Korean won)	₩ 226,290	₩ 244,400	₩ 263,950	₩ 154,450
Fair value per share (Korean won)	₩ 38,317	₩ 34,200	₩ 30,962	₩ 8,226

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20. Operating revenues

(1) Details of operating revenues for the three months and six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

	June 30, 2020		June 30, 2019	
	Three months	Six months	Three months	Six months
Revenue from contracts with customers:				
IT service (*1)	₩ 438,762	₩ 824,238	₩ 405,400	₩ 793,870
Trademark usage income	52,644	121,291	78,514	137,426
Others	-	-	121	246
	<u>491,406</u>	<u>945,529</u>	<u>484,035</u>	<u>931,542</u>
Revenue from other sources:				
Dividend income	6,395	996,976	120,291	1,174,759
Rental income	271	527	504	1,302
	<u>6,666</u>	<u>997,503</u>	<u>120,795</u>	<u>1,176,061</u>
Total	<u>₩ 498,072</u>	<u>₩ 1,943,032</u>	<u>₩ 604,830</u>	<u>₩ 2,107,603</u>

(*1) Includes contract revenue of ₩526,029 and ₩493,962 million recognized from the cost-based input method for the six months ended June 30, 2020 and 2019.

(2) Details of revenue from contracts with customers for the three months and six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

	June 30, 2020		June 30, 2019	
	Three months	Six months	Three months	Six months
Revenue from contracts with customers:				
IT service	₩ 438,762	₩ 824,238	₩ 405,400	₩ 793,870
Trademark usage income	52,644	121,291	78,514	137,426
Others	-	-	121	246
	<u>₩ 491,406</u>	<u>₩ 945,529</u>	<u>₩ 484,035</u>	<u>₩ 931,542</u>
Geographical location:				
Korea	₩ 452,545	₩ 885,336	₩ 462,892	₩ 891,984
Asia	19,190	35,584	13,426	29,378
Europe	10,795	12,915	7,235	9,328
North America	8,876	11,694	482	852
	<u>₩ 491,406</u>	<u>₩ 945,529</u>	<u>₩ 484,035</u>	<u>₩ 931,542</u>
Timing of revenue recognition:				
Recognized at a point in time	₩ 51,077	₩ 81,190	₩ 29,655	₩ 45,855
Recognized over a period of time	440,329	864,339	454,380	885,687
	<u>₩ 491,406</u>	<u>₩ 945,529</u>	<u>₩ 484,035</u>	<u>₩ 931,542</u>

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20. Operating revenues (cont'd)

(3) Details of contract assets, contract liabilities related to revenue from contracts with customers as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

	June 30, 2020		December 31, 2019	
Contract assets from IT service contract	₩	203,577	₩	156,133
Contract liabilities from IT service contract (*1)		89,658		67,606

(*1) The amount recognized as revenue in the current period in relation to the contract liabilities as of December 31, 2019 is ₩52,333 million (previous period: ₩53,085 million).

(4) Details of profit variation by changes in accounting estimates related to the cost-based input method contracts as of June 30, 2020 are as follows (Korean won in millions):

	Change in estimated construction revenue		Change in estimated cost		Impact on current period profit		Impact on future period profit	
IT Service contracts (*1)	₩	23,075	₩	19,182	₩	2,772	₩	1,121

(*1) The Company did not disclose information for each business segment because the reporting segment is a single segment in accordance with KIFRS 1108 Operating Segments.

Impact on profit of current and future period has been calculated by the estimated costs based on the situations which occurred from the inception of IT service contract to current reporting period and the estimated revenue as of current reporting period. Estimated cost and revenue can be changed in the future period.

(5) Contracts applying the cost-based input method to measure the percentage-of-completion with total contract revenue exceeding prior year's operating income by more than 5% as of June 30, 2020 are as follows (Korean won in millions):

Business division	Construction	Contract date	Due date	Percentage of completion	Contract assets		Trade receivables	
					Total amount	Impairment	Total amount	Allowance for doubtful accounts
ICT business	The K project	2019. 01	2020. 10	78.10%	₩ 22,091	₩ -	₩ -	₩ -

21. Operating expenses

Details of operating expenses for the three months and six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

	June 30, 2020		June 30, 2019	
	Three months	Six months	Three months	Six months
Material costs	₩ 46,175	₩ 70,773	₩ 28,325	₩ 54,927
Outsourcing costs	202,249	384,967	192,005	372,755
Salaries	99,936	179,461	97,535	170,884
Provision for pension benefits	8,551	21,750	7,608	17,065
Depreciation	19,409	38,547	18,386	36,820
Amortization	3,382	6,662	2,493	5,330
Rents	500	1,008	587	1,277
Communications	4,536	8,983	4,688	9,376
Employee welfare benefits	14,049	29,058	13,763	27,019
Commissions	14,014	22,881	15,617	31,031
Education and training	4,770	12,075	5,751	9,746
Research and development	8,151	20,856	11,834	22,262
Office management	8,674	17,318	8,495	18,156
Travel	2,167	4,916	3,392	6,694
Others	17,524	27,823	15,637	26,060
Total	₩ 454,087	₩ 847,078	₩ 426,116	₩ 809,402

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22. Expenses classified based on nature of expense

Details of classification based on nature of expenses for the three months and six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

	June 30, 2020		June 30, 2019	
	Three months	Six months	Three months	Six months
Material costs	₩ 46,175	₩ 70,781	₩ 28,308	₩ 55,072
Outsourcing costs	202,249	384,986	192,444	373,194
Salaries	103,221	190,166	101,435	181,687
Provision for pension benefits	9,011	22,647	8,089	17,837
Depreciation and amortization	26,072	51,733	23,405	46,973
Rents	500	1,008	587	1,277
Communications	4,537	8,984	4,740	9,466
Employee welfare benefits	14,694	30,294	14,467	28,308
Commissions	14,470	23,891	19,110	34,605
Education and training	4,831	12,208	5,868	9,932
Office management	8,674	17,318	8,495	18,156
Travel	2,177	4,936	3,427	6,794
Others	17,476	28,126	15,741	26,101
Total	₩ 454,087	₩ 847,078	₩ 426,116	₩ 809,402

23. Finance income (costs) and other non-operating income (expenses)

23.1 Finance income and costs

Details of finance income and costs for the three months and six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

	June 30, 2020		June 30, 2019	
	Three months	Six months	Three months	Six months
Financial income:				
Interest income	₩ 1,650	₩ 2,648	₩ 2,070	₩ 3,774
Gain on foreign currency transactions	1,053	2,344	1,480	2,260
Gain on foreign currency translation	(308)	502	284	661
Gain on valuation of financial assets measured at FVTPL	165	213	366	758
Gain on valuation of derivative instruments	550	562	259	406
Gain on transactions of derivative instruments	149	170	291	360
Total	₩ 3,259	₩ 6,439	₩ 4,750	₩ 8,219
Financial costs:				
Interest expenses	₩ 44,353	₩ 92,787	₩ 44,665	₩ 92,008
Loss on foreign currency transactions	732	1,324	1,658	2,138
Loss on foreign currency translation	35	403	379	432
Loss on valuation of derivative instruments	(535)	310	174	501
Loss on transactions of derivative instruments	554	1,016	158	331
Total	₩ 45,139	₩ 95,840	₩ 47,034	₩ 95,410

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23.2 Other non-operating income and expenses

Details of other non-operating income and expenses for the three months and six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

	June 30, 2020		June 30, 2019	
	Three months	Six months	Three months	Six months
Other non-operating income:				
Gain on disposal of investments in subsidiaries	₩ 257,115	₩ 257,115	₩ -	₩ -
Gain on disposal of property, plant and equipment	-	2	1	8
Others	279	2,014	1,292	1,629
Total	<u>₩ 257,394</u>	<u>₩ 259,131</u>	<u>₩ 1,293</u>	<u>₩ 1,637</u>
Other non-operating expenses:				
Loss on impairment of investments in associates and joint ventures	₩ -	₩ -	₩ 58	₩ 58
Loss on disposal of property, plant and equipment	59	63	-	4
Loss on disposal of intangible assets	-	-	-	1
Donations	11,891	14,858	10,552	10,665
Others	685	1,205	1,220	1,728
Total	<u>₩ 12,635</u>	<u>₩ 16,126</u>	<u>₩ 11,830</u>	<u>₩ 12,456</u>

24. Income taxes

The Company calculated corporate 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 six months ended June 30, 2020 and 2019 were 17.07% and 8.70%, respectively.

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25. Earnings per share

(1) Basic earnings per share for the three months and six months ended June 30, 2020 and 2019 are as follows (Korean won in millions, except per share and weighted-average number of ordinary shares outstanding):

	June 30, 2020		June 30, 2019	
	Three months	Six months	Three months	Six months
Profit for the period	₩ 53,362	₩ 1,036,258	₩ 50,629	₩ 1,095,741
Less: Preferred share dividends	(1,136)	(1,707)	(1,136)	(1,707)
Profit for the period attributable to ordinary share owners of the Company	₩ 52,226	₩ 1,034,551	₩ 49,493	₩ 1,094,034
Weighted-average number of issued shares outstanding (*1)	52,304,347	52,304,347	55,824,347	55,824,347
Basic earnings per share (In Korean Won)	₩ 998	₩ 19,779	₩ 887	₩ 19,598

(*1) Weighted-average number of issued shares represents the number of ordinary shares less treasury shares from the total number of issued shares of ordinary share.

The weighted-average number of issued shares outstanding for the three months and six months ended June 30, 2020 and 2019 are as follows:

	June 30, 2020		June 30, 2019	
	Three months	Six months	Three months	Six months
Weighted-average number of shares outstanding	70,360,297	70,360,297	70,360,297	70,360,297
Weighted-average number of treasury shares	(18,055,950)	(18,055,950)	(14,535,950)	(14,535,950)
Weighted-average number of issued shares outstanding	52,304,347	52,304,347	55,824,347	55,824,347

26. Transactions with related parties

Details of significant transactions with related parties for the six months ended June 30, 2020 and 2019, and significant balances with related parties as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

(1) The subsidiaries of the Company as of June 30, 2020, are as follows:

Ultimate controlling party	Subsidiary
Subsidiary (total 302)	Tae-won, Chey and related parties SK Innovation Co., Ltd., SK Energy Co., Ltd., Netruck Co., Ltd., Jeju United FC Corporation, Happydidim Co., Ltd., SK Energy Road Investment Co., Ltd., SK Energy Hong Kong Co., Ltd., SK Energy Road Investment (HK) Co., Ltd., Ningbo SK Baoying Asphalt Storage Co., Ltd., Hefei SK Baoying Asphalt Co., Ltd., Chongqing SK Asphalt Co., Ltd., SK Asphalt (Shanghai) Co., Ltd., SK Global Chemical Co., Ltd., SK Global Chemical (China) Holding Co., Ltd., SK Global Chemical China Limited, SK Global Chemical International Trading (Shanghai) Co., Ltd., SK Global Chemical International Trading (Guangzhou) Co., Ltd., SK Global Chemical Americas, Inc., SK Primacor Americas LLC, SK Primacor Europe, S.L.U., SK Saran Americas LLC, SK Global Chemical Japan Co., Ltd., SK Global Chemical Singapore Pte. Ltd., SK Global Chemical Investment Hong Kong Ltd., Ningbo SK Performance Rubber Co., Ltd., HAPPYMOEUM Co., Ltd., SK Functional Polymer, S.A.S, SK Incheon Petrochem Co., Ltd., SK Trading International Co., Ltd., SK Energy International Pte. Ltd., SK Energy Europe, Ltd., SK Energy Americas, Inc., SK Terminal B.V., SK Lubricants Co., Ltd., Yubase Manufacturing Asia Corporation, SK Energy Lubricants (Tianjin) Co., Ltd., SK Lubricants Americas, Inc., SK Lubricants Europe B.V., SK Lubricants Japan Co., Ltd., SK Lubricants & Oils India Pvt. Ltd., Iberian Lube Base Oils S.A., SK Lubricants Russia LLC, SK ie technology Co., Ltd., SK Hi-Tech Battery Battery Materials(Jiang Su) Co., Ltd., SK Hi-tech Battery Materials Poland Sp. Zo.o., SK Mobile Energy Co., Ltd., SK Innovation Insurance (Bermuda), Ltd., SK USA, Inc., Super Seed NY LLC, Blue Dragon Energy Co., Limited., Jiangsu SK Battery Certification Center, SK Battery Hungary Kft., SK Battery America, Inc., SK Battery Manufacturing Kft., Happykium Co., Ltd., SK Future Energy(shanghai) Co., Ltd., SK E&P Company, SK E&P America, Inc., Blue Sky United Energy Co., Ltd, SK Plymouth, LLC, SK Permian, LLC, SK E&P Operations America, LLC, SK Nemaha, LLC, SK Telecom Co., Ltd., SK Telink Co., Ltd., SK Telink Vietnam Co., Ltd., SK Broadband Co. Ltd., Home&Service Co., Ltd., Broadband Nowon Broadcasting Corporation, SK stoa Co., Ltd., PS&Marketing Corp., Serviceace Co., Ltd., Service Top Co., Ltd., SK O&S Co., Ltd., One store Co., Ltd., SK Communications Co., Ltd., 11Street Co., Ltd., Life and Security Holdings Co., Ltd., ADT Caps Co., Ltd., Capstek Co., Ltd., Quantum Innovation Private Equity Joint Venture I , SK Infosec Co., Ltd., SKinfosec Information Technology(Wuxi) Co., Ltd. , SK Planet Co., Ltd., SK M & Service Co., Ltd., SKP Global Holdings Pte. Ltd., SKP America LLC, K-Net Culture & Contents Venture Fund, SK Telecom China Holdings Co., Ltd., SK Global Healthcare Business Group, Ltd., SKT Americas Inc., YTK Investment Ltd., Atlas Investment Ltd., SK Telecom Innovation Fund, L.P., SK Telecom China Fund I L.P., SK Telecom TMT Investment Corp., Dreamuscompany Co., Ltd., iriver Enterprise Ltd., iriver China Co., Ltd., Dongguan iriver Electronics Co., Ltd., Life Design Company Japan Inc., SK Telecom Japan Inc., SK Planet Japan, K. K., id Quantique SA, id Quantique Ltd., FSK L&S Co., Ltd., FSK L&S(Shanghai) Co., Ltd., FSK L&S(Hungary) Co., Ltd., FSK L&S Vietnam Company Limited, Incross Co., Ltd., Infra Communications Co., Ltd., Mindknock Co., Ltd., Happyhanwool Co., Ltd., SK MENA Investment B.V., SK Latin Americas Investment S.A., SK Technology Innovation Company, SK Networks Co., Ltd., SK Networks Service Co., Ltd., SK Pinx Co., Ltd., SK Rent-A-car Service Co., Ltd., SK Magic Co., Ltd., SK Magic Service Co., Ltd., SK Magic Vietnam Company Limited, SK Networks Retails Malaysia Sdn. Bhd., SK Rent-a-Car Co., Ltd., SK Networks (China) Holdings Co., Ltd., Liaoning SK Networks Real Estate Development Co., Ltd., Shenyang SK Bus Terminal Co., Ltd., SK Networks (Liaoning) Logistics Co., Ltd., SK Networks (Dandong) Energy Co., Ltd., Shenyang SK Networks Energy Co., Ltd., SK (GZ FreeZone) Co., Ltd., SK Networks (Shanghai) Co., Ltd., POSK (Pinghu) Steel Processing Center Co., Ltd., SK Networks Hong Kong Ltd., SK (Guangzhou) Metal Co., Ltd., SK Networks (Xiamen) Steel Processing Center Co., Ltd., SK Networks Japan Co., Ltd., SK Networks Deutschland GmbH, Daiyang SK Networks SAN. VE TIC. Ltd. STI, SK Networks Resources Australia Pty. Ltd., SK Networks Middle East FZE, SK BRASIL LTDA,

26. Transactions with related parties (cont'd)

Subsidiary (total 302)	Subsidiary
	SK Networks Trading Malaysia Sdn Bhd, SK Networks America, Inc., SK NETWORKS BRASIL INTERMEDIACAO DE NEGOCIOS LTDA., Networks Tejarat Pars, SKC Co., Ltd., Woori Fine Chem Co., Ltd., SK Telesys Co., Ltd., Techdream Co., Ltd., SKC Infra Service Co., Ltd., SKC Solmics Co., Ltd., Solmics Taiwan Co., Ltd., Solmics Shanghai Co., Ltd., SKC solmics Hong Kong Co., Ltd., SKC Semiconductor Materials(Wuxi) Co., Ltd., SKC-Eco Solution Co., Ltd., SKC (Jiangsu) High Tech Plastics Co., Ltd., SKC, Inc., SKC Europe GmbH, SK Bioland Co., Ltd., Bioland Biotec Co., Ltd., Bioland Haimen Co., Ltd., SKC Hi-Tech&Marketing Co., Ltd., SKC Hi-Tech&Marketing (Suzhou) Co., Ltd., SKC Hi-Tech&Marketing Taiwan Co., Ltd., SKC Hi-Tech&Marketing Polska SP.Z.O.O, SKC Hi-Tech&Marketing USA LLC, SKC PU Specialty Co., Ltd., SKC (Nantong) PU Specialty Co., Ltd., SKC-ENF Electronic Materials Ltd., SKC (Nantong) Semiconductor Materials Technology Co., Ltd., SE (Jiangsu) Electronic Materials Co., Ltd., SK PICGlobal Co., Ltd., SKCFTH Co., Ltd., SK Nexilis Co., Ltd., SK E&S Co., Ltd., Kangwon City Gas Co., Ltd., Yeongnam Energy Service Co., Ltd., Ko-one Energy Service Co., Ltd., Pusan City Gas Co., Ltd., Jeonbuk Energy Service Co., Ltd., Chonnam City Gas Co., Ltd., Chungcheong Energy Service Co., Ltd., Paju Energy Service Co., Ltd., Narae Energy Service Co., Ltd. (formerly, Wirye Energy Service Co., Ltd.), Yeosu Energy Service Co., Ltd., Jeonnam Offshore Wind Power Co., Ltd., Shinanjeungdo Sunlight Co., Ltd., SK E&S Hong Kong Co., Ltd., SK E&S Australia Pty. Ltd., SK E&S Americas, Inc., SK E&S LNG, LLC, DewBlaine Energy, LLC, CAILIP Gas Marketing, LLC, Rnes Holdings, LLC, Storage Solution Holdings, LLC, CAES, LLC, Prism Energy International China Limited, Prism Energy International Zhoushan Limited, Prism Energy International Pte, Ltd., Fajar Energy International Pte. Ltd., Prism Energy International Hong Kong, Ltd., PT Prism Nusantara International, SK E&S Dominicana S.R.L, SK Engineering & Construction Co., Ltd., Seosuwon Development Company, SK TNS Co., Ltd., SKEC Nanjing Co., Ltd., SKEC (Thai), Ltd., Thai Woo Ree Engineering Co., Ltd., SKEC Anadolu, LLC, SK E&C Betek Corporation, Mesa Verde RE Ventures, LLC, SKEC Consultores Ecquador, S.A., Sunlake Co., Ltd., SK HOLDCO PTE. LTD., Silvertown Investco Limited, SK Materials Co., Ltd., SK Materials Japan Co., Ltd., SK Materials Taiwan Co., Ltd., SK Materials Jiangsu Co., Ltd., SK Materials (Xian) Co., Ltd., SK Airgas Co., Ltd., SK Tri Chem Co., Ltd., SK Showa Denko Co., Ltd., SK Materials (Shanghai) Co., Ltd., Happycompanion Co., Ltd., HANYU CHEMICAL Co., Ltd., SK Performance Materials Co., Ltd., SK Siltron Co., Ltd., SK Siltron America, Inc, SK Siltron Japan, Inc., SK Siltron Shanghai Co., Ltd., SK Siltron USA, Inc., SK Siltron CSS, LLC., Happy Chaeum Co., Ltd., SK Biopharmaceuticals Co.,Ltd., SK Life Science, Inc., SK Bio-Pharma Tech (Shanghai) Co., Ltd., SK S.E.Asia Pte. Ltd., Essencore Limited, Essencore (Shenzhen) Limited, SK China Company, Ltd., SKY Property Mgmt (Beijing) Co., Ltd., SK Bio Energy HongKong Co., Ltd., SK Property Investment Management Co., Ltd., SK Industrial Development China Co., Ltd., Shanghai SKY Real Estate Development Co., Ltd., SK China Investment Management Co., Ltd., SK International Agro-Products Logistics Development Co., Ltd., SK International Agro-Sideline Products Park Co.,Ltd., SK Auto Service Hong Kong Co., Ltd., SK (Shenyang) auto rental Co., Ltd., SK (Beijing) auto rental Co., Ltd., SK Rent-A-Car (Qingdao)Co., Ltd., Skyline Auto Financial Leasing Co., Ltd., SK Financial Leasing Co., Ltd., SK China (Beijing) Co., Ltd., SKY Property Management Ltd., SKY Investment Co., Ltd., SK China Real Estate Co., Ltd., SK China Creative Industry Development Co., Ltd., Beijing Lizhi Weixin Technology Co., Ltd., SK C&C Beijing Co., Ltd., SK C&C Chengdu Co., Ltd., SK C&C India Pvt. Ltd., S&G Technology, Saturn Agriculture Investment Co., Ltd., SK Investment Management Co., Ltd., SK Semiconductor Investments Co., Ltd., Gemini Partners Pte. Ltd., Solaris Partners Pte. Ltd., Solaris GEIF Investment, SK GI Management, Plutus Capital NY, Inc., Hudson Energy NY, LLC, Hudson Energy NY II, LLC, Hudson Energy NY III, LLC, Plutus Fashion NY, Inc., Wonderland NY, LLC, Atlas NY LLC, SK South East Asia Investment Pte. Ltd. , SK Investment Vina I Pte. Ltd., SK Investment Vina II Pte. Ltd., SK Investment Vina III Pte. Ltd., SK Pharmteco Inc., SK Biotek Co., Ltd., SK BIOTEK IRELAND LIMITED, SK BIOTEK USA, Inc., Abrasax Investment Inc. , Fine Chemicals Holdings Corp., AMPAC Fine Chemicals, LLC, AMPAC Fine Chemicals Texas, LLC, AMPAC Fine Chemicals Virginia, LLC, Golden Pearl EV Solutions Limited, SK Forest Co., Ltd., HWEECHAN Co., Ltd., Socar Mobility Malaysia, Sdn. Bhd., Future Mobility Solutions Sdn. Bhd., PT Future Mobility Solutions

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26. Transactions with related parties (cont'd)

(2) Details of significant financial transactions with the related parties for the three months and six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

Company name		June 30, 2020			
		Sales (*1)		Purchase (*2)	
		Three months	Six months	Three months	Six months
Subsidiary	SK Innovation Co., Ltd.	₩ 27,916	₩ 93,027	₩ 1,636	₩ 3,874
	SK Energy Co., Ltd.	26,458	52,734	62	62
	SK Global Chemical Co., Ltd.	7,493	16,364	-	-
	SK Incheon Petrochem Co., Ltd.	4,351	10,379	-	-
	SK Lubricants Co., Ltd.	4,714	7,183	-	-
	SK Hi-tech Battery Materials (Jiang su) Co., Ltd.	2,142	6,157	-	-
	SK Battery America, Inc.	6,621	6,623	-	-
	SK Engineering & Construction Co., Ltd.	9,501	25,744	-	-
	SKC Co., Ltd.	1,876	20,268	-	-
	SK E&S Co., Ltd.	6,117	667,859	-	-
	SK Biopharmaceuticals Co., Ltd.	1,877	3,839	-	-
	SK Infosec Co., Ltd.	798	1,543	4,552	7,322
	SK C&C Beijing Co., Ltd.	7,908	10,619	3,140	4,211
	SK S.E.Asia Pte. Ltd.	-	37,219	-	-
	SK Networks Co., Ltd.	11,583	32,773	728	2,732
	SK Telecom Co., Ltd.	77,260	347,210	3,655	7,330
	SK Broadband Co., Ltd.	22,624	44,880	1,985	3,909
	SK Planet Co., Ltd.	4,896	8,470	64	64
	SK Matrics Co., Ltd.	1,772	23,048	-	-
	SK Siltron Co., Ltd.	6,133	12,318	-	-
	Others	29,250	50,310	4,276	9,551
Other related parties	Hana Land Chip PEF 33	-	1,693	8,593	17,187
	SK hynix Inc.	114,108	221,501	3,707	7,398
	SK hynix system ic (Wuxi) Co., Ltd.	1,995	4,318	-	-
	Socar, Inc. (*4)	-	-	15,000	15,000
	THIRA-UTECH Co., Ltd.	-	-	2,982	4,698
	Others	839	5,713	2,926	5,875
Others (*3)	SK Gas Co., Ltd.	3,650	7,045	-	-
	SK Chemicals Co., Ltd.	1,566	3,406	-	-
	Others	4,026	7,226	218	316
Total		₩ 387,474	₩ 1,729,469	₩ 53,524	₩ 89,529

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26. Transactions with related parties (cont'd)

		June 30, 2019			
		Sales (*1)		Purchase (*2)	
	Company name	Three months	Six months	Three months	Six months
Subsidiary	SK Innovation Co., Ltd.	₩ 27,897	₩ 249,112	₩ 460	₩ 921
	SK Energy Co., Ltd.	25,977	47,247	-	-
	SK Global Chemical Co., Ltd.	7,482	14,212	-	-
	SK Incheon Petrochem Co., Ltd.	6,619	11,652	-	-
	SK Lubricants Co., Ltd.	3,500	6,350	-	-
	SK Battery Hungary Kft.	6,309	6,309	-	-
	SK Engineering & Construction Co., Ltd.	7,474	23,470	1,739	1,739
	SKC Co., Ltd.	2,815	20,985	-	-
	SK E&S Co., Ltd.	4,190	612,891	-	-
	SK Biopharmaceuticals Co., Ltd.	2,619	3,557	-	-
	SK Infosec Co., Ltd.	916	2,017	3,639	6,681
	SK C&C Beijing Co., Ltd.	7,198	10,234	2,287	3,689
	SK S.E.ASIA Pte. Ltd.	113,920	113,920	-	-
	SK Networks Co., Ltd.	10,978	32,461	523	2,456
	SK Telecom Co., Ltd.	81,934	359,250	8,845	16,974
	SK Broadband Co., Ltd.	23,684	47,048	2,020	4,055
	SK Planet Co., Ltd.	4,378	9,386	59	286
	SK Matrics Co., Ltd.	1,724	22,172	-	-
	SK Siltron Co., Ltd.	4,469	8,087	-	-
	Others	20,578	34,857	2,553	5,884
Other related parties	Hana Land Chip PEF 33	-	1,666	8,593	17,187
	SK hynix Inc.	118,414	214,262	3,821	8,021
	SK hynix Semiconductor (China) Ltd.	3,415	11,484	91	91
	Happynarae Co., Ltd.	214	678	2,173	5,338
	Others	2,809	4,945	3,689	7,256
Others (*3)	SK Gas Co., Ltd.	2,735	6,077	-	-
	Others	640	3,823	-	-
Total		₩ 492,888	₩ 1,878,152	₩ 40,492	₩ 80,578

(*1) Consists of dividends income received from subsidiaries and others, trademark usage income, rental income and others.

(*2) Consists of rental expenses, outsourcing costs and others.

(*3) Although, not designated as related parties as defined in paragraph 9 of KIFRS 1024, the entity is designated as related parties based on the resolution made by the Securities and Futures Commission that conglomerate affiliates designated by the Fair Trade Commission are related parties based on the substance of relation as regulated by paragraph 10 of KIFRS 1024.

(*4) During the current reporting period, the Company acquired equity ownership of Socar Mobility Malaysia, SDN. BHD. from Socar, Inc.

SK Holdings Co., Ltd.
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26. Transactions with related parties (cont'd)

(3) Details of outstanding balances of receivables and payables with the related parties as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

		June 30, 2020					
		Receivables			Payables		
		Trade	Other	Total	Trade	Other	Total
Company name		receivables	receivables		payables	payables	
Subsidiaries	SK Innovation Co., Ltd.	₩ 31,123	₩ 25,530	₩ 56,653	₩ -	₩ 13,935	₩ 13,935
	SK Energy Co., Ltd.	6,713	57	6,770	-	5,994	5,994
	SK Global Chemical Co., Ltd.	1,845	23	1,868	-	10,422	10,422
	SK Incheon Petrochem Co., Ltd.	1,082	-	1,082	-	3,164	3,164
	SK Lubricants Co., Ltd.	591	10	601	-	7,138	7,138
	SK Hi-tech Battery Materials (Jiang su) Co., Ltd.	4,046	-	4,046	-	36	36
	SK Battery America, Inc.	7,294	-	7,294	-	655	655
	SK Engineering & Construction Co., Ltd.	3,484	19	3,503	-	-	-
	SKC Co., Ltd.	1,148	11	1,159	-	1,724	1,724
	SK E&S Co., Ltd.	2,458	20	2,478	-	139	139
	SK Biopharmaceuticals Co., Ltd.	4,388	-	4,388	-	449	449
	SK Infosec Co., Ltd.	1,039	-	1,039	1,065	3,151	4,216
	SK C&C Beijing Co., Ltd.	4,993	-	4,993	1,397	707	2,104
	SK Networks Co., Ltd.	5,645	50	5,695	-	2,510	2,510
	SK Telecom Co., Ltd.	34,861	461	35,322	573	6,202	6,775
	SK Broadband Co., Ltd.	26,981	17	26,998	484	4,684	5,168
	SK Planet Co., Ltd.	4,426	-	4,426	-	6	6
	SK Materials Co., Ltd.	956	4	960	-	209	209
	SK Siltron Co., Ltd.	4,373	12	4,385	-	457	457
	Others	28,305	617	28,922	165	10,904	11,069
Other related parties	Hana Land Chip PEF 33	-	5,983	5,983	-	25,607	25,607
	SK hynix Inc.	203,146	8,380	211,526	-	36,993	36,993
	SK hynix system ic (Wuxi) Co., Ltd.	6,825	-	6,825	-	741	741
	THIRA-UTECH Co., Ltd.	-	-	-	715	168	883
Others	2,639	149	2,788	1,251	2,801	4,052	
Others (*1)	SK Gas Co., Ltd.	877	14	891	-	8	8
	SK Chemicals Co., Ltd.	474	-	474	-	2	2
	Others	5,144	7	5,151	163	524	687
		<u>₩ 394,856</u>	<u>₩ 41,364</u>	<u>₩ 436,220</u>	<u>₩ 5,813</u>	<u>₩ 139,330</u>	<u>₩ 145,143</u>

(*1) Although, not designated as related parties as defined in paragraph 9 of KIFRS 1024, the entity is designated as related parties based on the resolution made by the Securities and Futures Commission that conglomerate affiliates designated by the Fair Trade Commission are related parties based on the substance of relation as regulated by paragraph 10 of KIFRS 1024.

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26. Transactions with related parties (cont'd)

		December 31, 2019					
		Receivables			Payables		
Company name		Trade	Other	Total	Trade	Other	Total
		receivables	receivables		payables	payables	
Subsidiaries	SK Innovation Co., Ltd.	₩ 23,415	₩ 40,517	₩ 63,932	₩ -	₩ 11,787	₩ 11,787
	SK Energy Co., Ltd.	10,543	-	10,543	-	2,466	2,466
	SK Global Chemical Co., Ltd.	4,816	-	4,816	-	5,691	5,691
	SK Incheon Petrochem Co., Ltd.	1,644	-	1,644	-	2,002	2,002
	SK Lubricants Co., Ltd.	2,093	-	2,093	-	4,869	4,869
	SK Battery Hungary Kft.	324	-	324	-	407	407
	SK Engineering & Construction Co., Ltd.	3,474	-	3,474	-	1,324	1,324
	SKC Co., Ltd.	2,664	-	2,664	-	24	24
	SK E&S Co., Ltd.	6,017	153	6,170	-	600	600
	SK Biopharmaceuticals Co., Ltd.	2,231	-	2,231	-	113	113
	SK Infosec Co., Ltd.	1,520	-	1,520	1,375	3,161	4,536
	SK C&C Beijing Co., Ltd.	6,412	-	6,412	488	1,563	2,051
	SK Networks Co., Ltd.	6,043	20	6,063	1	2,858	2,859
	SK Telecom Co., Ltd.	54,408	357	54,765	216	6,987	7,203
	SK Broadband Co., Ltd.	34,868	-	34,868	397	5,959	6,356
	SK Planet Co., Ltd.	5,229	-	5,229	686	169	855
	11Street Co., Ltd.	1,312	-	1,312	-	90	90
	SK Materials Co., Ltd.	1,023	-	1,023	-	428	428
	SK Siltron Co., Ltd.	7,449	-	7,449	-	381	381
	Other related parties	Others	21,553	629	22,182	319	9,713
Hana Land Chip PEF 33		-	5,983	5,983	-	42,464	42,464
SK hynix Inc.		166,543	8,154	174,697	-	28,412	28,412
SK hynix Semiconductor (China) Ltd.		2,932	-	2,932	-	628	628
SK hynix system ic (Wuxi) Co., Ltd.		1,766	-	1,766	-	-	-
Others (*1)	THIRA-UTECH Co., Ltd.	-	-	-	628	20	648
	Others	2,667	3,019	5,686	1,268	2,872	4,140
	SK Gas Co., Ltd.	455	-	455	-	153	153
	SK Chemicals Co., Ltd.	976	-	976	-	-	-
	Others	1,290	-	1,290	-	-	-
		<u>₩ 373,667</u>	<u>₩ 58,832</u>	<u>₩ 432,499</u>	<u>₩ 5,378</u>	<u>₩ 135,141</u>	<u>₩ 140,519</u>

(*1) Although, not designated as related parties as defined in paragraph 9 of KIFRS 1024, the entity is designated as related parties based on the resolution made by the Securities and Futures Commission that conglomerate affiliates designated by the Fair Trade Commission are related parties based on the substance of relation as regulated by paragraph 10 of KIFRS 1024.

(4) Compensation for key management personnel of the Company for the three months and six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

	June 30, 2020		June 30, 2019	
	Three months	Six months	Three months	Six months
Salaries	₩ 3,757	₩ 7,130	₩ 2,903	₩ 5,782
Provision for pension benefits	944	5,658	366	1,808
Share compensation expense	227	426	198	580
Total	<u>₩ 4,928</u>	<u>₩ 13,214</u>	<u>₩ 3,467</u>	<u>₩ 8,170</u>

Key management consists of registered executives who are responsible for the planning, operation and control of the Company's business activities.

(5) Details of significant transactions with related parties in relation to the investments for the six months ended June 30, 2020 are as follows (U.S. dollars in thousands):

	Currency	Amount	Transactions
SK South East Asia Investment Pte. Ltd.	USD	100,000	Share capital increase

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26. Transactions with related parties (cont'd)

(6) Details of significant treasury transactions with related parties for the six months ended June 30, 2020 and 2019 are as follows (U.S. dollars in thousands):

	Currency	June 30, 2020		June 30, 2019	
		Loans	Collection	Loans	Collection
Kinestral Technologies Inc.	USD	-	2,483	-	-

(7) Guarantees provided to related parties are described in Note 28.

27. Cash flow information

(1) Details of non-cash adjustments for the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

	For the six months ended	
	June 30, 2020	June 30, 2019
Provision for pension benefits	₩ 21,597	₩ 17,626
Depreciation	39,133	37,388
Amortization	12,651	9,652
(Reversal of) bad debt expenses	72	(155)
Provisions transferred in	1,126	1,487
Interest expenses	92,787	92,008
Loss on foreign currency translation	403	432
Loss on valuation of derivative instruments	310	501
Loss on impairment of investments in associates and joint ventures	-	58
Loss on disposal of property, plant and equipment	63	4
Loss on disposal of intangible assets	-	1
Share-based payment expenses	426	580
Income tax expense	213,299	104,450
Dividends income	(996,976)	(1,174,759)
Interest income	(2,648)	(3,774)
Gain on foreign currency translation	(502)	(661)
Gain on valuation of financial assets measured at FVTPL	(214)	(758)
Gain on valuation of derivative instruments	(562)	(406)
Gain on disposal of investments in subsidiaries	(257,115)	-
Gain on disposal of property, plant and equipment	(2)	(8)
Others	420	(424)
	₩ (875,732)	₩ (916,758)

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27. Cash flow information (cont'd)

(2) Details of working capital adjustments for the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

	For the six months ended	
	June 30, 2020	June 30, 2019
Trade receivables	₩ (31,233)	₩ (20,832)
Other receivables	(110)	475
Inventories	(149)	(52)
Advanced payments	(127)	4,294
Lease receivables	16,771	16,155
Prepaid expenses	(10,160)	(15,889)
Trade payables	(55,155)	(29,273)
Advanced received	95,402	91,982
Withholdings	(2,255)	(14,203)
Other payables	(7,493)	(16,938)
Accrued expenses	(30,398)	(16,615)
Leasehold deposits received	67	(18)
Provision	(2,376)	(2,688)
Defined benefit obligation	(11,333)	(2,911)
Plan assets	12,804	3,388
Others	204	(681)
	<u>₩ (25,541)</u>	<u>₩ (3,806)</u>

(3) Details of significant non-cash transactions for the six months ended June 30, 2020 and 2019 are as follows (Korean won in millions):

	For the six months ended	
	June 30, 2020	June 30, 2019
Transfer of lease receivables based on the changes in accounting policies	₩ -	₩ (71,125)
Transfer of lease liabilities based on the changes in accounting policies	-	132,448
Transfer of long-term bonds payable to current-portion	541,457	530,741
Increase (Decrease) in other payables regarding the acquisition of property, plant and equipment	1,753	(1,356)

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28. Commitments and contingencies

(1) Guarantees provided by others for the Company's obligations and indebtedness as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions):

	Currency	June 30, 2020	December 31, 2019
Seoul Guarantee Insurance	KRW	125	300
Korea Software Financial Cooperative	KRW	356,220	291,860

(2) Pending litigation

There are no major pending litigations as of June 30, 2020.

(3) Significant commitments

- 1) SK Innovation Co., Ltd., SK Energy Co., Ltd., SK Global Chemical Co., Ltd., SK Lubricants Co., Ltd., SK Incheon Petrochem Co., Ltd., SK Trading International Co., Ltd. and SK ie technology Co., Ltd. are collectively responsible for any obligations arising before the spin-off on July 1, 2007. The Company and SK Biopharmaceuticals Co., Ltd. are collectively responsible for any obligations that occurred before the spin-off on April 1, 2011.
- 2) The Company entered into a contract to lease the headquarter's building from NH Bank, the trustee of Hana Asset Management Co., Ltd. Under the terms of the lease, the lease period is until March 27, 2021, and the Company has the preemptive right to purchase the building at the fair value when the lessor elects to dispose the property.
- 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 the affiliates of 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.

28. Commitments and contingencies (cont'd)

- 5) The Company has total return swap contracts in regards to SK Shipping Co., Ltd.'s issuance of ordinary shares and sale of existing shares, and details are as follows:

	Subscription of new shares	Sale of existing shares
Investor	Special Situation 1 st Fund	Corporate Turnaround 1 st Fund
Number of shares	6,548,672	4,808,259
Contract date	April 11, 2017	May 11, 2017
Expiry date	April 10, 2022	May 10, 2022
Settlement	The Company and the investors settle the amount that deducts the issue price from the net selling price in cash. If the amount is positive, the investor shall pay to the Company, and if the amount is negative, the Company shall pay to the investor. In case where the sale is not complete, the selling price of the shares is considered to be 0.	
Premium	The Company shall pay to the investors the amount equivalent to 3.14% of the total shares held by investors annually. When the investor receives dividends on the shares held, the amount shall be paid to the Company.	
Call option	The Company has the right to purchase the shares held by the investors at the issued price of the ordinary shares with certain level of additional charges.	

- 6) The Company entered into total return swap contracts with ordinary share investors of SK Siltron Co., Ltd., one of the subsidiaries, and details are as follows:

	Total return swap contracts
Investor	Warmachine Sixth Co., Ltd. and others
Number of shares	13,140,440
Contract date	August 25, 2017
Expiry date	August 24, 2022
Settlement	The Company and the investors settle the amount that deducts the issue price from the net selling price in cash. If the amount is positive, the investor shall pay to the Company, and if the amount is negative, the Company shall pay to the investor. In case where the sale is not complete, the selling price of the shares is considered to be 0.
Premium	The Company shall pay 0.5% of the initial contract amount on the closing date of the transaction and shall pay to the investors the amount equivalent to 3.20% of the total shares held by investors annually. When the investor receives dividends on the shares held, the amount shall be paid to the Company.
Call option	On a three-month basis from the closing date of sale ("the quarterly payment day"), the Company has the right to purchase the shares held by the investors at the initial contract price of the ordinary shares with certain level of additional charges.

28. Commitments and contingencies (cont'd)

- 7) The Company entered into total return swap contracts with ordinary share investors of SK E&S Co., Ltd., one of the subsidiaries, and The details are as follows:

	Total return swap contracts
Investor	MD Prime 1st Co., Ltd. and others
Number of shares	4,640,199
Contract date	November 14, 2017
Expiry date	November 13, 2022
Settlement	The Company and the investors settle the amount that deducts the issue price from the net selling price in cash. If the amount is positive, the investor shall pay to the Company, and if the amount is negative, the Company shall pay to the investor. In case where the sale is not complete, the selling price of the shares is considered to be 0.
Premium	The Company shall pay to the investors the amount equivalent to 3.07% of the total shares held by investors annually. When the investor receives dividends on the shares held, the amount shall be paid to the Company.
Call option	On the premium payment date and on a three-month basis between the date on which the resolution is made by the Board of Directors with regards to designation of IPO supervisor and the submission date of demand of preliminary assessment for listing ("the quarterly payment day"), the Company has the right to purchase the shares held by the investors at the initial contract price of the ordinary shares with certain level of additional charges.

- 8) SK E&S LNG, LLC, one of the subsidiaries, is scheduled to be provided with liquefaction service for 20 years from FLNG Liquefaction 3, LLC, which plans to operate natural gas liquefaction plants in Texas starting from 2019. As of June 30, 2020, 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.
- 9) The Company entered into a cash deficiency support agreement with Hudson Energy NY, LLC, a subsidiary of Plutus Capital NY, Inc., to lend funds for the shortfall of payment for loans and credit limit of USD 226,000 thousand.
- 10) The Company entered into a cash deficiency support agreement with Abrasax Investment Inc., a subsidiary of subsidiary SK Pharmteco Inc., which is a subsidiary of the Company, to lend funds for the shortfall of payment for loans and credit of up to USD 315,000 thousand.
- (4) The Company has provided 7 blank checks and 10 blank notes as collateral in relation to sales and other transactions as of June 30, 2020.

29. Financial risk management

The principal financial liabilities of the Company comprise borrowings, bonds payable, trade and other payables. The main purpose of these financial liabilities is to finance the operations of the Company. Further, the Company has various financial assets, including trade and other receivables that are directly related to its operations.

The Company's financial assets and liabilities are exposed to mainly market risk, credit risk and liquidity risk. The Company's key management is responsible for the Company's financial risk-taking activities, and that such activities are governed by appropriate policies and procedures.

(1) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks comprise three types of risk: interest rate, foreign currency and other price.

1) 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 Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company's risk hedging activities are evaluated periodically in order to consider the status of interest rates and degree of risk aversion and fulfill optimal risk hedging strategies. The Company does not believe the fluctuation in market interest rate other than those mentioned above has a material impact on its financial statements.

2) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The exposure to the risk of changes in foreign exchange rates relates primarily to selling and purchasing. The Company manages its foreign currency risk periodically.

Significant monetary assets and liabilities denominated in foreign currencies as of June 30, 2020 and December 31, 2019 are as follows (Korean won in millions, and USD, EUR and Others in thousands):

	Currency	June 30, 2020		December 31, 2019	
		Foreign currencies	Korea won equivalent	Foreign currencies	Korea won equivalent
Assets	USD	19,057	₩ 22,882	19,519	₩ 22,599
	EUR	221	299	573	743
	Others		4,095		7,058
			₩ 27,276		₩ 30,400
Liabilities	USD	3,947	₩ 4,739	5,918	₩ 6,851
	EUR	9	12	11	14
	Others		2,688		1,407
			₩ 7,439		₩ 8,272

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

	June 30, 2020		December 31, 2019	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Increase (decrease) in income before tax expense	₩ 1,984	₩ (1,984)	₩ 2,213	₩ (2,213)

29. Financial risk management (cont'd)

3) Other price risk

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices other than from interest rate risk and foreign currency risk. The Company has not determined that the effect of changes in other price would have materially affected the Company.

(2) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as of June 30, 2020 and December 31, 2019 is as follows and for cash and cash equivalents, credit risk exposure is low (Korean won in millions):

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Short-term and long-term financial instruments	₩ 197,013	₩ 153,221
Trade receivables	303,663	320,138
Other receivables	2,769	1,117
Accrued income	88	142
Investment securities	328,260	286,932
Short-term and long-term guarantee deposits	23,880	21,544
Short-term and long-term lease receivables	24,941	40,254
Short-term and long-term loans	-	2,871
Financial derivatives asset	<u>385,142</u>	<u>384,996</u>
	<u>₩ 1,265,756</u>	<u>₩ 1,211,215</u>

1) Trade and other receivables

Customer credit risk is managed by each business unit subject to the Company's established policies, procedures and control related to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

Maximum exposure to credit risk at the reporting date is the book value of each class of financial assets. The Company apply a simple method that recognizes lifetime expected credit losses as a provision for losses on account receivables and other receivables. To measure expected credit losses, trade receivables and contract assets were separated by credit risk characteristics and past due dates.

2) 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 Company will be the same as the book value of the maximum applicable financial instruments. On the other hand, the management of the Company'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 Company.

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29. Financial risk management (cont'd)

(3) Liquidity risk

Liquidity risk refers to the risk that the Company may default on the contractual obligations that become due. The Company manages its risk to a shortage of funds using a recurring liquidity planning tool.

The contractual maturity of financial liabilities as of June 30, 2020 is as follows. Amounts include interests paid and presented 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
Short-term borrowings	₩ 940,000	₩ 940,000	₩ 830,000	₩ 110,000	₩ -	₩ -
Bonds payable	6,401,110	6,908,893	348,874	932,289	4,506,971	1,120,759
Financial derivatives liabilities	222,596	222,596	133	90	222,373	-
Trade accounts payables	105,098	105,098	105,098	-	-	-
Lease liabilities	78,146	79,958	13,122	32,880	33,787	169
Other liabilities	155,146	155,146	105,330	49,816	-	-
	<u>₩ 7,902,096</u>	<u>₩ 8,411,691</u>	<u>₩ 1,402,557</u>	<u>₩ 1,125,075</u>	<u>₩ 4,763,131</u>	<u>₩ 1,120,928</u>

(4) Capital management

The fundamental goal of capital risk management is to maintain a solid financial structure. In addition, as the Company is a holding company, it should maintain a debt ratio of less than 200% under Article 8 of the *Monopoly Regulations and Fair Trade Law*. The debt ratio is calculated as total liabilities divided by total equity.

The Company maintains a debt ratio of 61.34% as of June 30, 2020. The maturity of the debt is dispersed in the long-term and the borrowings mainly consist of long-term bonds, which do not present significant risks for unexpected payment for debts.

The Company's debt ratio as of June 30, 2020 and December 31, 2019 is as follows (Korean won in millions):

	June 30, 2020	December 31, 2019
Total liabilities	₩ 8,718,771	₩ 9,132,524
Total equity	14,213,906	13,402,562
Debt ratio	61.34%	68.14%

30. Subsequent events

The Company declared to pay interim dividend in accordance with the board's resolution on July 21, 2020 as follows:

	Details
Amount of interim dividend	₩1,000 per share (total amount of dividend: ₩52,869 millions)
Ratio of dividend to market value	0.3% (ordinary shares), 0.3% (preferred shares)
Basic date for dividend	June 30, 2020
Date of dividend payment	Within one month from the resolution date by Commercial Act Article 464-2 (1)