

SK Advanced Co., Ltd.
Statements of financial position
As at December 31, 2015 and 2014
(Korean won)

	Notes	2015	2014
Assets			
Current assets:			
Cash and cash equivalents	3	₩ 10,705,919,486	₩ 84,219,284,746
Short-term financial instruments	3	-	20,000,000,000
Other receivables	3, 4	2,411,924,271	229,944,119
Current tax assets	13	138,780,610	40,013,840
Lease deposits	3	320,000,000	50,727,780
Other current assets	5	1,864,847,271	8,531,057,274
Total current assets		<u>15,441,471,638</u>	<u>113,071,027,759</u>
Non-current assets:			
Long-term financial instruments	3	4,500,000	5,500,000
Property, plant and equipment, net	6, 12	847,513,016,669	386,992,544,687
Intangible assets	7	301,485,800	-
Deferred income tax assets	16	1,926,791,762	786,018,911
Lease deposits	3	179,011,100	310,000,000
Total non-current assets		<u>849,924,805,331</u>	<u>388,094,063,598</u>
Total assets		<u>₩ 865,366,276,969</u>	<u>₩ 501,165,091,357</u>
Liabilities and equity			
Current liabilities:			
Other payables	3, 8, 12	7,163,801,968	4,670,317,896
Withholdings		135,771,548	53,341,361
Total current liabilities		<u>7,299,573,516</u>	<u>4,723,659,257</u>
Non-current liabilities:			
Bonds payable	3, 9	299,036,284,564	298,817,562,898
Long-term borrowings	3, 9	215,000,000,000	20,000,000,000
Defined benefit liability	10	13,890,454	126,689,942
Total non-current liabilities		<u>514,050,175,018</u>	<u>318,944,252,840</u>
Total liabilities		<u>521,349,748,534</u>	<u>323,667,912,097</u>
Equity:			
Issued capital	13	31,949,880,000	23,490,130,000
Capital surplus	13	314,628,924,792	153,939,908,382
Retained earnings	13	(2,562,276,357)	67,140,878
Total equity		<u>344,016,528,435</u>	<u>177,497,179,260</u>
Total liabilities and equity		<u>₩ 865,366,276,969</u>	<u>₩ 501,165,091,357</u>

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

SK Advanced Co., Ltd.
Statements of comprehensive income
For the years ended December 31, 2015 and 2014
(Korean won)

	Notes	2015	2014
Sales		₩ -	₩ -
Cost of sales		-	-
Gross profit		-	-
Selling and administrative expenses	12, 14	(6,055,697,947)	(1,035,586,133)
Operating loss		(6,055,697,947)	(1,035,586,133)
Finance income	15	3,100,640,811	962,806,729
Finance costs	15	(1,284,251,404)	-
Other non-operating income	15	795,101,426	251,372
Other non-operating expenses	15	(104,946,230)	(494,587,223)
Loss before income tax		(3,549,153,344)	(567,115,255)
Income tax revenue	16	1,087,281,959	720,736,643
Profit (loss) for the year		₩ (2,461,871,385)	₩ 153,621,388
Other comprehensive loss	10	(167,545,850)	(86,480,510)
Total comprehensive income, net of tax		₩ (2,629,417,235)	₩ 67,140,878
Earnings (losses) per share			
Basic and diluted	17	₩ (840)	₩ 83

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SK Advanced Co., Ltd.
 Statements of changes in equity
 For the years ended December 31, 2015 and 2014
 (Korean won)

	Issued capital	Capital surplus	Retained earnings	Total equity
As at September 12, 2014	₩ 10,000,000,000	₩ -	₩ -	₩ 10,000,000,000
Profit for the year	-	-	153,621,388	153,621,388
Other comprehensive income:				
Re-measurement loss on defined benefit liability	-	-	(86,480,510)	(86,480,510)
Total comprehensive income	-	-	67,140,878	67,140,878
Paid-in capital increase	13,490,130,000	153,939,908,382	-	167,430,038,382
At December 31, 2014	₩ 23,490,130,000	₩ 153,939,908,382	₩ 67,140,878	₩ 177,497,179,260
As at January 1, 2015	₩ 23,490,130,000	₩ 153,939,908,382	₩ 67,140,878	₩ 177,497,179,260
Loss for the year	-	-	(2,461,871,385)	(2,461,871,385)
Other comprehensive income:				
Re-measurement loss on defined benefit liability	-	-	(167,545,850)	(167,545,850)
Total comprehensive income	-	-	(2,629,417,235)	(2,629,417,235)
Paid-in capital increase	8,459,750,000	160,689,016,410	-	169,148,766,410
At December 31, 2015	₩ 31,949,880,000	₩ 314,628,924,792	₩ (2,562,276,357)	₩ 344,016,528,435

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SK Advanced Co., Ltd.
Statements of cash flows
For the years ended December 31, 2015 and 2014
(Korean won)

	<u>2015</u>	<u>2014</u>
Operating activities		
Profit (loss) for the year	₩ (2,461,871,385)	₩ 153,621,388
Adjustments to reconcile profit for the year to net cash flows:		
Provision for pension benefits	36,713,132	4,656,153
Depreciation	868,535,761	81,862,950
Gain on valuation of derivative instruments	(181,073,271)	-
Gain on foreign currency translation	(4,313,986)	-
Loss on foreign currency translation	11,179,137	-
Gain on disposal of property, plant and equipment	(39,465,493)	-
Interest income	(667,926,571)	(508,193,545)
Income tax revenue	(1,087,281,959)	(720,736,643)
	<u>(1,063,633,250)</u>	<u>(1,142,411,085)</u>
Working capital adjustments:		
Other receivables	(2,249,846,479)	(1,845,490)
Other current assets	28,495,699	(2,140,066,527)
Other payables	(205,976,697)	(2,539,640,163)
Other current liabilities	82,430,187	53,341,361
Contribution to plan assets	(640,000,000)	(210,000,000)
Pension benefits paid	(100,784,633)	(9,083,440)
	<u>(3,085,681,923)</u>	<u>(4,847,294,259)</u>
Interest received	896,025,200	280,094,916
Income tax paid	(98,766,770)	(40,013,840)
Net cash flows used in operating activities	<u>(5,813,928,128)</u>	<u>(5,596,002,880)</u>
Investing activities		
Increase in short-term financial instruments	-	(20,000,000,000)
Decrease in short-term financial instruments	20,000,000,000	-
Increase in short-term deposits	(10,000,000)	(50,727,780)
Decrease in short-term deposits	50,727,780	-
Decrease in prepaid value added tax	6,434,914,304	-
Increase in long-term financial instruments	-	(5,500,000)
Decrease in long-term financial instruments	1,000,000	-
Acquisition of property, plant and equipment	(446,605,007,126)	(92,202,772,976)
Acquisition of intangible assets	(301,485,800)	-
Increase in long-term deposits	(179,011,100)	(310,000,000)
Proceeds from disposal of derivative instruments	967,389,565	-
Net cash flows used in investing activities	<u>(419,641,472,377)</u>	<u>(112,569,000,756)</u>
Financing activities		
Paid-in capital increase	169,148,766,410	167,430,038,382
Drawdown of long-term borrowings	195,000,000,000	20,000,000,000
Interest paid	(12,199,897,246)	(2,445,750,000)
Net cash flows from financing activities	<u>351,948,869,164</u>	<u>184,984,288,382</u>
Net increase (decrease) in cash and cash equivalents	(73,506,531,341)	66,819,284,746
Cash and cash equivalents at the beginning of the year	84,219,284,746	17,400,000,000
Net decrease in cash and cash equivalents denominated in foreign currencies arising from foreign exchange differences	(6,833,919)	-
Cash and cash equivalents at the end of the year	<u>₩ 10,705,919,486</u>	<u>₩ 84,219,284,746</u>

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