

HEALTHSOUTH CORP
Form 4
April 19, 2017

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

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

(Print or Type Responses)

1. Name and Address of Reporting Person *
CORRELL DONALD L

(Last) (First) (Middle)

16974 CORTILE DRIVE

(Street)

NAPLES, FL 34110

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
HEALTHSOUTH CORP [HLS]

3. Date of Earliest Transaction
(Month/Day/Year)
04/17/2017

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

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

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

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(D)	Price
Healthsouth Common Stock	04/17/2017		A		319 ⁽¹⁾	A	\$ 0 61,675

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

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SEC 1474 (9-02)

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

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the nine-month periods ended September 30, 2015 and 2014

7. Investments in Subsidiaries and Associates, continued

(2) Details of investments in subsidiaries as of September 30, 2015 and December 31, 2014 are as follows:

(In millions of won, except for share data)

	September 30, 2015			December 31, 2014
	Number of shares	Ownership (%)	Carrying amount	Carrying amount
SK Telink Co., Ltd.	1,082,272	83.5	144,740	144,740
SK Broadband Co., Ltd.(*1,4)	298,460,212	100.0	1,870,582	1,242,247
PS&Marketing Corporation	66,000,000	100.0	313,934	313,934
Service Ace Co., Ltd.	4,385,400	100.0	21,927	21,927
Service Top Co., Ltd.	2,856,200	100.0	14,281	14,281
Network O&S Co., Ltd.	3,000,000	100.0	15,000	15,000
SK Planet Co., Ltd.(*3,4,5)	71,209,687	100.0	1,520,206	1,538,020
Neosnetworks Co., Ltd.(*2)	408,435	83.9	63,967	23,968
IRIVER LIMITED	15,202,039	49.0	54,503	54,503
SK Telecom China Holdings Co., Ltd.		100.0	38,652	29,116
SKT Vietnam PTE. Ltd.	180,476,700	73.3	2,364	2,364
SKT Americas, Inc.	122	100.0	93,319	83,871
YTK Investment Ltd.		100.0	18,693	27,945
Atlas Investment		100.0	78,618	77,050
SK Global Healthcare Business Group Ltd.		100.0	39,649	25,784
Entrix Co., Ltd.(*3)	4,157,000	100.0	27,628	
			4,318,063	3,614,750

(*1) On March 20, 2015, the Board of Directors of the Company decided to grant 0.0168936 share of its treasury stock in exchange for 1 share of SK Broadband Co., Ltd., a subsidiary of the Company, to the shareholders of SK Broadband Co., Ltd. as of June 9, 2015. After the stock exchange, SK Broadband Co., Ltd. became a wholly-owned subsidiary of the Company.

(*2) The Company newly acquired 50,377 and 326,748 shares of Neosnetworks Co., Ltd. by participating in the capital increase and capital increase without consideration respectively during the nine-month period ended September 30, 2015.

(*3) During the nine-month period ended September 30, 2015, Entrix Co., Ltd., providing cloud streaming service, was established by spin off from SK Planet Co., Ltd., a subsidiary of the Company. The Company exchanged 1,300,000 shares of SK Planet Co., Ltd. for 1,300,000 shares of Entrix Co., Ltd. and additionally acquired 2,857,000 shares by participating in paid in capital increase.

(*4) During the nine-month period ended September 30, 2015, hoppin service division of SK Planet Co., Ltd., a subsidiary of the Company, spin off from SK Planet Co., Ltd. and was merged into SK Broadband Co., Ltd. Consequently, the Company exchanged 417,630 shares of SK Planet Co., Ltd. for 2,501,125 shares of SK broadband Co., Ltd.

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7. Investments in Subsidiaries and Associates, Continued

(2) Details of investments in subsidiaries as of September 30, 2015 and December 31, 2014 are as follows, Continued:

(*5) On September 24, 2015, the board of directors of SK Planet Co., Ltd., a subsidiary of the Company, resolved to distribute 26,523,815 shares of SK Communications Co., Ltd., a subsidiary of SK Planet Co., Ltd. to the Company as dividend in kind and to dispose of 1,506,130 shares of SK Communication Co., Ltd. to the Company. During the nine-month period ended September 30, 2015, the Company recognized dividend income amounting to 140,834 million based on carrying amount for 26,523,815 shares of separate financial statements of SK Planet Co., Ltd. On October 1, 2015, after a reporting period, the Company acquired 1,506,130 shares from SK Planet Co., Ltd.

(3) Details of investments in associates as of September 30, 2015 and December 31, 2014 are as follows:

(In millions of won, except for share data)

	September 30, 2015		December 31, 2014	
	Number of shares	Ownership percentage (%)	Carrying amount	Carrying amount
SK China Company Ltd.(*1)	720,000	9.6	47,830	47,830
HappyNarae Co., Ltd.	680,000	42.5	12,250	12,250
Korea IT Fund(*2)	190	63.3	220,957	220,957
Wave City Development Co., Ltd.(*1)	393,460	19.1	1,532	1,532
KEB HanaCard Co., Ltd.(*1,3)	39,902,323	15.0	253,739	430,044
Daehan Kanggun BcN Co., Ltd.	1,675,124	29.0	8,340	8,340
NanoEnTek, Inc.(*4)	6,960,445	28.6	47,958	37,959
SK Industrial Development China Co., Ltd.	72,952,360	21.0	83,691	83,691
Packet One Network(*5)				60,706
SK Technology Innovation Company	14,700	49.0	45,864	45,864
SK hynix Inc.	146,100,000	20.1	3,374,725	3,374,725
SK MENA Investment B.V.	9,772,686	32.1	14,485	14,485
SK Latin America Investment S.A.	9,448,937	32.1	14,243	14,243
SKY Property Mgmt. Ltd.	12,639	33.0	145,656	145,656
SK Wyverns Baseball Club Co., Ltd. and others			61,284	68,737
			4,332,554	4,567,019

(*1) Classified as investments in associates as the Company can exercise significant influence through its participation on the board of directors even though the Company has less than 20% of equity interests.

(*2) Investment in Korea IT Fund was classified as investment in associates as the Company has less than 50% of voting rights, and therefore does not have control over Korea IT Fund under the agreement.

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7. Investments in Subsidiaries and Associates, Continued

(3) Details of investments in associates as of September 30, 2015 and December 31, 2014 are as follows, Continued:

- (*3) During the nine-month period ended September 30, 2015, the Company disposed of 27,725,264 shares of KEB HanaCard Co., Ltd.
- (*4) During the nine-month period ended September 30, 2015, the Company newly acquired 1,090,155 shares of NanoEnTek, Inc. by participating in paid in capital increase allocation of third parties.
- (*5) Reclassified from investment in associates to available-for-sale financial assets during the nine-month period ended September 30, 2015 as the Company no longer has significant influence. The Company recognized the difference between the carrying amount and the fair value amounting to 37,374 million as loss on impairment of investment assets.

(4) The market price of investments in listed subsidiaries as of September 30, 2015 and December 31, 2014 are as follows:

(In millions of won, except for share data)

	September 30, 2015			December 31, 2014		
	Market value per share (In won)	Number of shares	Market price	Market value per share (In won)	Number of shares	Market price
IRIVER LIMITED	6,540	15,202,039	99,421	6,370	15,202,039	96,837
SK Broadband Co., Ltd.(*)		298,460,212		4,380	149,638,354	655,416

(*) Due to the voluntary delisting of SK Broadband Co., Ltd. during the nine-month period ended September 30, 2015, the market price is not disclosed as of September 30, 2015.

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8. Property and Equipment

Changes in property and equipment for the nine-month periods ended September 30, 2015 and 2014 are as follows:

(In millions of won)

	Beginning balance	For the nine-month period ended September 30, 2015				Ending balance
		Acquisition	Disposal	Transfer	Depreciation	
Land	448,255	3,122	(334)	30,181		481,224
Buildings	568,874	1,052	(4,132)	22,000	(26,200)	561,594
Structures	350,915	3,462	(57)	12,651	(25,623)	341,348
Machinery	5,277,929	85,111	(10,172)	802,952	(1,202,684)	4,953,136
Other	430,478	580,839	(12,589)	(456,621)	(83,942)	458,165
Construction in progress	629,455	361,941	(1,011)	(477,454)		512,931
	7,705,906	1,035,527	(28,295)	(66,291)	(1,338,449)	7,308,398

(In millions of won)

	Beginning balance	For the nine-month period ended September 30, 2014				Ending balance
		Acquisition	Disposal	Transfer	Depreciation	
Land	416,991	5,860		15,259		438,110
Buildings	585,375	523	(101)	6,002	(25,748)	566,051
Structures	363,093	4,040		4,718	(24,499)	347,352
Machinery	4,945,088	77,214	(16,881)	1,143,022	(1,163,881)	4,984,562
Other	472,832	873,252	(2,119)	(613,419)	(78,270)	652,276
Construction in progress	676,607	378,383	(13,069)	(587,424)		454,497
	7,459,986	1,339,272	(32,170)	(31,842)	(1,292,398)	7,442,848

9. Goodwill

Goodwill as of September 30, 2015 and December 31, 2014 is as follows:

(In millions of won)

	September 30, 2015	December 31, 2014
Goodwill related to acquisition of Shinsegi Telecom, Inc.	1,306,236	1,306,236

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10. Intangible Assets

(1) Changes in intangible assets for the nine-month periods ended September 30, 2015 and 2014 are as follows:

(In millions of won)

	Beginning balance	For the nine-month period ended September 30, 2015				Ending balance
		Acquisition	Disposal	Transfer	Amortization	
Frequency use rights	1,384,044				(210,395)	1,173,649
Land use rights	14,016	1,592	(1)		(3,625)	11,982
Industrial rights	10,583	3,507	(2)		(2,938)	11,150
Facility usage rights	15,843	1,059	(23)	293	(1,912)	15,260
Memberships	63,465	62				63,527
Other	440,218	12,987	(7)	74,217	(132,109)	395,306
	1,928,169	19,207	(33)	74,510	(350,979)	1,670,874

(In millions of won)

	Beginning balance	For the nine-month period ended September 30, 2014				Ending balance
		Acquisition	Disposal	Transfer	Amortization	
Frequency use rights	1,664,571				(210,395)	1,454,176
Land use rights	9,752	6,675			(3,178)	13,249
Industrial rights	9,113	4,960			(2,756)	11,317
Facility usage rights	16,155	1,182	(16)	379	(1,909)	15,791
Memberships	82,815		(136)			82,679
Other	456,761	27,512	(330)	43,052	(122,215)	404,780
	2,239,167	40,329	(482)	43,431	(340,453)	1,981,992

(2) The carrying amount and residual useful lives of frequency usage rights as of September 30, 2015 are as follows, all of which are depreciated on a straight-line basis:

(In millions of won)

	Amount	Description	Commencement of amortization	Completion of amortization
W-CDMA license	126,765	Frequency use rights relating to W-CDMA service	Dec. 2003	Dec. 2016
W-CDMA license	20,389	Frequency use rights relating to W-CDMA service	Oct. 2010	Dec. 2016
800MHz license	233,128		Jul. 2011	Jun. 2021

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		Frequency use rights relating to CDMA and LTE service		
1.8GHz license	785,125	Frequency use rights relating to LTE service	Sep. 2013	Dec. 2021
WiBro license	8,242	WiBro service	Mar. 2012	Mar. 2019
1,173,649				

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11. Borrowings and Debentures

(1) Short-term borrowings as of September 30, 2015 and December 31, 2014 are as follows:

(In millions of won)

Lender	Annual interest rate (%)	Maturity	September 30, 2015	December 31, 2014
Korea Development Bank	2.48	Apr. 30, 2015		100,000
	2.09	Oct. 30, 2015	100,000	
CP	2.37	Jan. 15, 2015		100,000
	1.63	Oct. 15, 2015	160,000	
			260,000	200,000

(2) Long-term borrowings as of September 30, 2015 and December 31, 2014 are as follows:

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

Lender	Annual interest rate (%)	Maturity	September 30, 2015	December 31, 2014
Export Kreditnamnden(*)	1.70	Apr. 29, 2022	96,250	94,903
			(USD 80,577)	(USD 86,338)
			96,250	94,903
Less present value discount on long-term borrowings			(2,328)	(2,623)
			93,922	92,280
Less current installments of long-term borrowings			(13,389)	(12,133)
			80,533	80,147

(*) For the years ended December 31, 2014 and 2013, the Company obtained long-term borrowings from Export Kreditnamnden, an export credit agency. The long-term borrowings are redeemed by installments on an annual basis from 2014 to 2022.

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11. Borrowings and Debentures, Continued

(3) Debentures as of September 30, 2015 and December 31, 2014 are as follows:

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

	Purpose	Maturity	Annual interest rate (%)	September 30, 2015	December 31, 2014
Unsecured private bonds	Refinancing fund	2016	5.00	200,000	200,000
Unsecured private bonds	Other fund	2015	5.00		200,000
Unsecured private bonds		2018	5.00	200,000	200,000
Unsecured private bonds		2016	5.54	40,000	40,000
Unsecured private bonds		2016	5.92	230,000	230,000
Unsecured private bonds	Operating fund	2016	3.95	110,000	110,000
Unsecured private bonds		2021	4.22	190,000	190,000
Unsecured private bonds	Operating and refinancing fund	2019	3.24	170,000	170,000
Unsecured private bonds		2022	3.30	140,000	140,000
Unsecured private bonds		2032	3.45	90,000	90,000
Unsecured private bonds	Operating fund	2023	3.03	230,000	230,000
Unsecured private bonds		2033	3.22	130,000	130,000
Unsecured private bonds		2019	3.30	50,000	50,000
Unsecured private bonds		2024	3.64	150,000	150,000
Unsecured private bonds(*2,3)		2029	4.73		55,188
Unsecured private bonds(*2)		2029	4.72	56,024	55,177
Unsecured private bonds	Refinancing fund	2019	2.53	160,000	160,000
Unsecured private bonds		2021	2.66	150,000	150,000
Unsecured private bonds		2024	2.82	190,000	190,000
Unsecured private bonds	Operating and refinancing fund	2022	2.40	100,000	
Unsecured private bonds		2025	2.49	150,000	
Unsecured private bonds		2030	2.61	50,000	
Unsecured private bonds	Operating fund	2018	1.89	90,000	
Unsecured private bonds		2025	2.66	70,000	
Unsecured private bonds		2030	2.82	90,000	
Unsecured private bonds(*2)		2030	3.40	54,003	
Foreign global bonds		2027	6.63	477,800	439,680
				(USD 400,000)	(USD 400,000)
Swiss unsecured private bonds		2017	1.75	368,862	333,429
				(CHF 300,000)	(CHF 300,000)
Foreign global bonds		2018	2.13	836,150	769,440
				(USD 700,000)	(USD 700,000)
Australian unsecured private bonds		2017	4.75	250,881	269,727
				(AUD 300,000)	(AUD 300,000)
Floating rate notes(*1)		2020	3M Libor + 0.88	358,350	329,760
				(USD 300,000)	(USD 300,000)

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Sub-total	5,382,070	4,882,401
Less discounts on bonds	(25,993)	(27,534)
	5,356,077	4,854,867
Less current installments of bonds	(469,600)	(199,730)
	4,886,477	4,655,137

(*1) As of September 30, 2015, 3M Libor rate is 0.33%.

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11. Borrowings and Debentures, Continued

(3) Debentures as of September 30, 2015 and December 31, 2014 are as follows, Continued:

(*2) The Company settled the difference of the measurement bases of accounting profit or loss between the bonds and related derivatives by designating the structured bonds as financial liabilities at fair value through profit or loss.

The difference between the carrying amount of the designated financial liabilities at fair value through profit or loss and the amount required to pay at maturity is 10,027 million as of September 30, 2015.

(*3) As of December 31, 2014, the principal amount and the fair value of the structured bonds were 50,000 million and 55,188 million, respectively. The entire bonds were early redeemed during the nine-month period ended September 30, 2015.

12. Long-term Payables other

(1) As of September 30, 2015 and December 31, 2014, long-term payables other which consist of payables related to the acquisition of W-CDMA licenses for 800MHz, 2.3GHz and 1.8GHz frequencies are as follows (See Note 10):

(In millions of won)

	Period of repayment	Coupon rate	Annual effective interest rate(*)	September 30, 2015	December 31, 2014
800MHz	2013~2015	3.51%	5.69%		69,416
2.3GHz	2014~2016	3.00%	5.80%	2,882	5,766
1.8GHz	2012~2021	2.43~3.00%	4.84~5.25%	707,006	824,841
				709,888	900,023
Present value discount on long-term payables other				(42,352)	(53,633)
				667,536	846,390
Less current installments of long-term payables other				(120,718)	(190,134)
Current installments of present value discount on long-term payables other				1,152	745
Carrying amount at period end				547,970	657,001

(*) The Company estimated the discount rate based on its credit ratings and corporate bond yield rate as there is no market interest rate available for long-term payables other.

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(2) The repayment schedule of long-term payables other as of September 30, 2015 is as follows:

(In millions of won)

	Amount
Less than 1 year	120,718
1~3 years	235,669
3~5 years	235,669
More than 5 years	117,832
	709,888

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13. Provisions

Changes in provisions for the nine-month periods ended September 30, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	For the nine-month period ended September 30, 2015					As of September 30, 2015	
	Beginning balance	Increase	Utilization	Reversal	Ending balance	Current	Non-current
Provision for handset subsidy	26,799		(4,288)	(17,583)	4,928	2,951	1,977
Provision for restoration	51,333	2,444	(479)	(3,431)	49,867	33,029	16,838
	78,132	2,444	(4,767)	(21,014)	54,795	35,980	18,815

<i>(In millions of won)</i>	For the nine-month period ended September 30, 2014					As of September 30, 2014	
	Beginning balance	Increase	Utilization	Reversal	Ending balance	Current	Non-current
Provision for handset subsidy	53,923	67,158	(62,408)		58,673	38,934	19,739
Provision for restoration	32,173	3,096	(281)	(884)	34,104	21,039	13,065
	86,096	70,254	(62,689)	(884)	92,777	59,973	32,804

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

14. Defined Benefit Liabilities

(1) Details of defined benefit liabilities as of September 30, 2015 and December 31, 2014 are as follows:

<i>(In millions of won)</i>	September 30, 2015	December 31, 2014
Present value of defined benefit obligations	209,630	195,130
Fair value of plan assets	(185,859)	(179,575)
	23,771	15,555

(2) Principal actuarial assumptions as of September 30, 2015 and December 31, 2014 are as follows:

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	September 30, 2015	December 31, 2014
Discount rate for defined benefit obligations	2.91%	2.91%
Expected rate of salary increase	3.80%	3.80%

Discount rate for defined benefit obligations is determined based on the Company's credit ratings and yield rate of corporate bonds with similar maturities for estimated payment term of defined benefit obligations. Expected rate of salary increase is determined based on the Company's historical promotion index, inflation rate and salary increase ratio in accordance with salary agreement.

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14. Defined Benefit Liabilities, Continued

- (3) Changes in defined benefit obligations for the nine-month periods ended September 30, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	For the nine-month period ended	
	September 30, 2015	September 30, 2014
Beginning balance	195,130	154,460
Current service cost	26,171	24,842
Interest cost	4,072	4,663
Remeasurement		
- Demographic assumption	16	
- Adjustment based on experience	4,309	9,512
Benefit paid	(22,194)	(11,525)
Others	2,126	1,833
Ending balance	209,630	183,785

- (4) Changes in plan assets for the nine-month periods ended September 30, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	For the nine-month period ended	
	September 30, 2015	September 30, 2014
Beginning balance	179,575	131,574
Interest income	3,769	3,744
Actuarial loss	(2,368)	(427)
Contributions by employer directly to plan assets	25,000	4,000
Benefit paid	(20,117)	(3,931)
Ending balance	185,859	134,960

- (5) Expenses recognized in profit and loss for the nine-month periods ended September 30, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	For the nine-month period ended	
	September 30, 2015	September 30, 2014
Current service cost	26,171	24,842
Net Interest cost	303	919
	26,474	25,761

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The above costs are recognized in labor cost, research and development, or capitalized into construction-in-progress.

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15. Derivative Instruments

(1) Currency swap contracts under cash flow hedge accounting as of September 30, 2015 are as follows:

(In thousands of foreign currencies)

Borrowing date	Hedged item	Hedged risk	Contract type	Financial institution	Duration of contract
Jul. 20, 2007	Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of USD 400,000)	Foreign currency risk	Currency swap	Morgan Stanley and five other banks	Jul. 20, 2007 ~ Jul. 20, 2027
Jun. 12, 2012	Fixed-to-fixed cross currency swap (Swiss Franc denominated bonds face value of CHF 300,000)	Foreign currency risk	Currency swap	Citibank and five other banks	Jun. 12, 2012 ~ Jun. 12, 2017
Nov. 1, 2012	Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of USD 700,000)	Foreign currency risk	Currency swap	Barclays and nine other banks	Nov. 1, 2012 ~ May. 1, 2018
Jan. 17, 2013	Fixed-to-fixed cross currency swap (Australia dollar denominated bonds face value of AUD 300,000)	Foreign currency risk	Currency swap	BNP Paribas and three other banks	Jan. 17, 2013 ~ Nov. 17, 2017
Mar. 7, 2013	Floating-to-fixed cross currency interest rate swap (U.S. dollar denominated bonds face value of USD 300,000)	Foreign currency risk and the interest rate risk	Currency interest rate swap	DBS Bank	Mar. 7, 2013 ~ Mar. 7, 2020
Dec. 16, 2013	Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of USD 80,577)	Foreign currency risk	Currency swap	Deutsche bank	Dec. 16, 2013 ~ Apr. 29, 2022

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For the nine-month periods ended September 30, 2015 and 2014

15. Derivative Instruments, Continued

- (2) As of September 30, 2015, fair values of the above derivatives recorded in assets or liabilities and details of derivative instruments are as follows:

(In millions of won and thousands of foreign currencies)

Hedged item	Accumulated gain (loss) on valuation of derivatives	Fair value			Held for trading purpose	Total
		Tax effect	Cash flow hedge Accumulated (gain) loss on foreign currency translation	Others (*)		
Non-current assets:						
Structured bond (face value of KRW 100,000)					8,983	8,983
Fixed-to-fixed cross currency swap						
(U.S. dollar denominated bonds						
face value of USD 400,000)	(53,080)	(16,946)	20,051	129,806		79,831
Fixed-to-fixed cross currency swap						
(U.S. dollar denominated bonds face value of						
USD 700,000)	(19,212)	(6,134)	72,364			47,018
Floating-to-fixed cross currency interest rate swap(U.S. dollar						
denominated bonds face value of USD 300,000)	(9,430)	(3,010)	33,163			20,723
Fixed-to-fixed long-term borrowings						
(U.S. dollar denominated bonds face value of USD 80,577)	(4,334)	(1,384)	11,044			5,326
Total assets						161,881
Non-current liabilities:						
Fixed-to-fixed cross currency swap (Swiss Franc denominated						
bonds face value of CHF 300,000)	(8,219)	(2,624)	5,354			(5,489)
Fixed-to-fixed cross currency swap (Australia dollar denominated						
bonds face value of AUD 300,000)	3,264	1,042	(84,273)			(79,967)
Total liabilities						(85,456)

(*) Cash flow hedge accounting has been applied to the relevant contracts from May 12, 2010. Others represent gain on valuation of currency swap incurred prior to the application of hedge accounting and was recognized through profit or loss prior to May 12, 2010.

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For the nine-month periods ended September 30, 2015 and 2014

16. Share Capital and Capital Surplus and Other Capital Adjustments

The Company's outstanding share capital consists entirely of common stock with a par value of 500. The number of authorized, issued and outstanding common shares and capital surplus and other capital adjustments as of September 30, 2015 and December 31, 2014 are as follows:

<i>(In millions of won, except for share data)</i>	September 30, 2015	December 31, 2014
Authorized shares	220,000,000	220,000,000
Issued shares(*)	80,745,711	80,745,711
Share capital		
Common stock	44,639	44,639
Capital surplus and other capital adjustments:		
Paid-in surplus	2,915,887	2,915,887
Treasury stock (Note 17)	(1,770,434)	(2,139,683)
Loss on disposal of treasury stock		(18,087)
Hybrid bond (Note 18)	398,518	398,518
Others	(684,333)	(722,741)
	859,638	433,894

(*) During the years ended December 31, 2003, 2006 and 2009, the Company retired 7,002,235 shares, 1,083,000 shares and 448,000 shares, respectively, of treasury stock which reduced its retained earnings before appropriation in accordance with the Korean Commercial Act.

As a result, the Company's outstanding shares have decreased without change in the share capital.

There were no changes in share capital for the nine-month period ended September 30, 2015 and the year ended December 31, 2014 and changes in shares outstanding for the nine-month period ended September 30, 2015 and 2014 are as follows:

<i>(In shares)</i>	For the nine-month period ended September 30, 2015			For the nine-month period ended September 30, 2014		
	Issued shares	Treasury stock	Outstanding shares	Issued shares	Treasury stock	Outstanding shares
Beginning issued shares	80,745,711	9,809,375	70,936,336	80,745,711	9,809,375	70,936,336
Disposal of treasury stock		(1,692,824)	1,692,824			
Ending issued shares	80,745,711	8,116,551	72,629,160	80,745,711	9,809,375	70,936,336

17. Treasury Stock

The Company acquired treasury stock to provide stock dividends, issue new stocks, merge with Shinsegi Telecom, Inc. and SK IMT Co, Ltd., increase shareholder value and to stabilize its stock prices when needed.

Treasury stock as of September 30, 2015 and December 31, 2014 are as follows:

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<i>(In millions of won, shares)</i>	September 30, 2015	December 31, 2014
Number of shares	8,116,551	9,809,375
Amount	1,770,434	2,139,683

On June 9, 2015, the Company granted 1,692,824 shares of its treasury stock (acquisition cost: 369,249 million) in order to acquire shares of SK Broadband Co., Ltd.

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the nine-month periods ended September 30, 2015 and 2014

18. Hybrid Bond

Hybrid bonds classified as equity as of September 30, 2015 are as follows:

(In millions of won)

	Type	Issuance date	Maturity	Annual interest rate (%)	Amount
Private hybrid bonds	Blank coupon unguaranteed subordinated bond	June 7, 2013	June 7, 2073(*1)	4.21(*2)	400,000
Issuance costs					(1,482)
					398,518

Hybrid bonds issued by the Company are classified as equity as there is no contractual obligation for delivery of financial assets to the bond holders. These are subordinated bonds which rank before common shareholders in the event of a liquidation or reorganization of the Company.

(*1) The Company has a right to extend the maturity under the same issuance terms without any notice or announcement. The Company also has the right to defer interest payment at its sole discretion.

(*2) Annual interest rate is adjusted after five years from the issuance date.

19. Retained Earnings

(1) Retained earnings as of September 30, 2015 and December 31 2014 are as follows:

(In millions of won)

	September 30, 2015	December 31, 2014
Appropriated:		
Legal reserve	22,320	22,320
Reserve for research & manpower development	87,300	151,534
Reserve for business expansion	9,671,138	9,476,138
Reserve for technology development	2,616,300	2,416,300
	12,397,058	12,066,292
Unappropriated	807,119	930,498
	13,204,177	12,996,790

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(2) Legal reserve

The Korean Commercial Act requires the Company to appropriate as a legal reserve at least 10% of cash dividends paid for each accounting period until the reserve equals 50% of outstanding share capital. The legal reserve may not be utilized for cash dividends, but may only be used to offset a future deficit, if any, or may be transferred to share capital.

(3) Reserve for research & manpower development

The reserve for research and manpower development was appropriated in order to recognize certain tax deductible benefits through the early recognition of future expenditure for tax purposes. These reserves will be reversed from appropriated and retained earnings in accordance with the relevant tax laws. Such reversal will be included in taxable income in the year of reversal.

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the nine-month periods ended September 30, 2015 and 2014

20. Reserves

- (1) Details of reserves, net of taxes, as of September 30, 2015 and December 31, 2014 are as follows:

(In millions of won)

	September 30, 2015	December 31, 2014
Unrealized fair value of available-for-sale financial assets	27,128	145,106
Unrealized fair value of derivatives	(91,011)	(78,208)
	(63,883)	66,898

- (2) Changes in reserves for the nine-month periods ended September 30, 2015 and 2014 are as follows:

(In millions of won)

	For the nine-month period ended September 30, 2015		
	Unrealized fair value of available-for-sale financial assets	Unrealized fair value of derivatives	Total
Balance at January 1, 2015	145,106	(78,208)	66,898
Changes	(155,644)	(16,891)	(172,535)
Tax effect	37,666	4,088	41,754
Balance at September 30, 2015	27,128	(91,011)	(63,883)

(In millions of won)

	For the nine-month period ended September 30, 2014		
	Unrealized fair value of available-for-sale financial assets	Unrealized fair value of derivatives	Total
Balance at January 1, 2014	211,209	(40,033)	171,176
Changes	(11,708)	(43,929)	(55,637)
Tax effect	2,833	10,631	13,464
Balance at September 30, 2014	202,334	(73,331)	129,003

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the nine-month periods ended September 30, 2015 and 2014

21. Other Operating Expenses

Details of other operating expenses for the three and nine-month periods ended September 30, 2015 and 2014 are as follows:

(In millions of won)

	2015		2014	
	Three-month period ended September 30	Nine-month period ended September 30	Three-month period ended September 30	Nine-month period ended September 30
Other Operating Expenses:				
Communication expenses	8,069	26,127	10,271	32,134
Utilities	57,242	152,502	52,595	136,308
Taxes and dues	7,466	16,974	7,741	16,550
Repair	54,217	145,708	52,013	138,530
Research and development	62,596	173,549	59,114	167,472
Training	7,055	17,217	9,122	21,090
Bad debt for accounts receivable trade	4,123	27,735	3,346	19,380
Other	9,862	30,714	10,256	46,117
	210,630	590,526	204,458	577,581

22. Other Non-operating Income and Expenses

Details of other non-operating income and expenses for the three and nine-month periods ended September 30, 2015 and 2014 are as follows:

(In millions of won)

	2015		2014	
	Three-month period ended September 30	Nine-month period ended September 30	Three-month period ended September 30	Nine-month period ended September 30
Other Non-operating Income:				
Gain on disposal of property and equipment and intangible assets	1,137	2,075	2,291	2,891
Others	2,264	8,295	3,736	31,728
	3,401	10,370	6,027	34,619
Other Non-operating Expenses:				
Loss on disposal of property and equipment and intangible assets	11,340	13,396	8,884	11,593
Donations	13,155	36,717	21,807	48,367
Bad debt for accounts receivable other	3,487	7,572	4,106	12,229
Others	1,812	33,773	45,750	63,849

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29,794

91,458

80,547

136,038

32

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the nine-month periods ended September 30, 2015 and 2014

23. Finance Income and Costs

(1) Details of finance income and costs for the three and nine-month periods ended September 30, 2015 and 2014 are as follows:

(In millions of won)

	2015		2014	
	Three-month period ended September 30	Nine-month period ended September 30	Three-month period ended September 30	Nine-month period ended September 30
Finance Income:				
Interest income	4,785	15,946	6,300	19,127
Dividends	143,315	200,046	2,481	13,048
Gain on foreign currency transactions	4,935	9,418	2,141	7,352
Gain on foreign currency translation	688	1,769	1,835	1,041
Gain relating to financial liabilities at fair value through profit or loss		5,188		
Gain relating to financial assets at fair value through profit or loss	857	168		
Gain on disposal of long-term investment securities		2,828	2,721	8,572
Gain on valuation of derivatives	3,603	4,633	2,240	8,257
Gain on settlement of derivatives				119
	158,183	239,996	17,718	57,516
Finance Costs:				
Interest expense	60,134	181,266	67,155	199,527
Loss on foreign currency transactions	1,151	8,178	3,860	12,643
Loss on foreign currency translation		8		832
Loss on disposal of long-term investment securities		2		6
Loss on settlement of derivatives		4,517		335
Loss relating to financial assets at fair value through profit or loss				1,352
Loss relating to financial liabilities at fair value through profit or loss	4,676	4,850	3,489	11,287
Other finance costs	37,375	37,407		
	103,336	236,228	74,504	225,982

(2) Details of interest income included in finance income three and nine-month periods ended September 30, 2015 and 2014 are as follows:

(In millions of won)

2015

2014

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	Three-month period ended September 30	Nine-month period ended September 30	Three-month period ended September 30	Nine-month period ended September 30
Interest income on cash equivalents and deposits	2,075	7,351	3,402	10,566
Interest income on installment receivables and others	2,710	8,595	2,898	8,561
	4,785	15,946	6,300	19,127

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the nine-month periods ended September 30, 2015 and 2014

23. Finance Income and Costs, Continued

- (3) Details of interest expense included in finance costs for the three and nine-month periods ended September 30, 2015 and 2014 are as follows:

(In millions of won)

	2015		2014	
	Three-month period ended September 30	Nine-month period ended September 30	Three-month period ended September 30	Nine-month period ended September 30
Interest expense on bank overdrafts and borrowings	2,842	12,853	5,350	17,333
Interest expense on debentures	48,297	139,650	50,624	147,160
Others	8,995	28,763	11,181	35,034
	60,134	181,266	67,155	199,527

- (4) Details of impairment losses for financial assets for the three and nine-month periods ended September 30, 2015 and 2014 are as follows:

(In millions of won)

	2015		2014	
	Three-month period ended September 30	Nine-month period ended September 30	Three-month period ended September 30	Nine-month period ended September 30
Accounts receivable trade	4,123	27,735	3,346	19,380
Other receivables	3,487	7,572	4,106	12,229
Available-for-sale financial assets	37,375	37,407		
	44,985	72,714	7,452	31,609

24. Income Tax Expense

Income tax expense was recognized as current tax expense adjusted to changes in estimates related to prior periods, deferred tax expenses by origination and reversal of temporary differences, and income tax recognized in other comprehensive income.

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For the nine-month periods ended September 30, 2015 and 2014

25. Earnings per Share

(1) Basic earnings per share

- 1) Basic earnings per share for the three and nine-month periods ended September 30, 2015 and 2014 are calculated as follows:

(In millions of won, shares)

	2015		2014	
	Three-month period ended September 30	Nine-month period ended September 30	Three-month period ended September 30	Nine-month period ended September 30
Profit for the period	361,591	889,374	293,274	810,182
Interest on hybrid bond		(8,420)		(8,420)
Profit for the period on common shares	361,591	880,954	293,274	801,762
Weighted average number of common shares outstanding	72,629,160	71,637,029	70,936,336	70,936,336
Basic earnings per share (In won)	4,979	12,297	4,134	11,303

- 2) The weighted average number of common shares outstanding for the three and nine-month periods ended September 30, 2015 and 2014 are calculated as follows:

(In shares)

	Number of shares	Weighted number of shares	
		Three-month period ended September 30	Nine-month period ended September 30
Outstanding common shares at January 1, 2015	80,745,711	80,745,711	80,745,711
Effect of treasury stock	(8,116,551)	(8,116,551)	(9,108,682)
Weighted average number of common shares outstanding at September 30, 2015	72,629,160	72,629,160	71,637,029

(In shares)

	Number of shares	Weighted number of shares	
		Three-month period ended September 30	Nine-month period ended September 30
Outstanding common shares at January 1, 2014	80,745,711	80,745,711	80,745,711
Effect of treasury stock	(9,809,375)	(9,809,375)	(9,809,375)
	70,936,336	70,936,336	70,936,336

Weighted average number of common shares outstanding at
September 30, 2014

(2) Diluted earnings per share

For the nine-month periods ended September 30, 2015 and 2014, there were no potentially dilutive shares. Therefore, diluted earnings per share for the nine-month periods ended September 30, 2015 and 2014 are the same as basic earnings per share.

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For the nine-month periods ended September 30, 2015 and 2014

26. Categories of Financial Instruments

(1) Financial assets by categories as of September 30, 2015 and December 31, 2014 are as follows:

(In millions of won)

	September 30, 2015				
	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Derivative financial instruments designated as hedged item	Total
Cash and cash equivalents			523,839		523,839
Financial instruments			133,064		133,064
Short-term investment securities		137,246			137,246
Long-term investment securities(*1)	7,986	664,586			672,572
Accounts receivable trade			1,636,670		1,636,670
Loans and other receivables(*2)			564,324		564,324
Derivative financial assets	8,983			152,897	161,880
	16,969	801,832	2,857,897	152,897	3,829,595

(In millions of won)

	December 31, 2014				
	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Derivative financial instruments designated as hedged item	Total
Cash and cash equivalents			248,311		248,311
Financial instruments			143,069		143,069
Short-term investment securities		197,161			197,161
Long-term investment securities(*1)	7,817	600,980			608,797
Accounts receivable trade			1,559,281		1,559,281
Loans and other receivables(*2)			575,597		575,597
Derivative financial assets	8,713			59,015	67,728
	16,530	798,141	2,526,258	59,015	3,399,944

(*1)

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Long-term investment securities were designated as financial assets at fair value through profit of loss since the embedded derivative (conversion right option), which should be separated from the host contract, could not be separately measured.

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For the nine-month periods ended September 30, 2015 and 2014

26. Categories of Financial Instruments, Continued

(1) Financial assets by categories as of September 30, 2015 and December 31, 2014 are as follows, Continued:

(*2) Details of loans and other receivables as of September 30, 2015 and December 31, 2014 are as follows:

(In millions of won)

	September 30, 2015	December 31, 2014
Short-term loans	31,833	67,989
Accounts receivable other	322,946	305,990
Accrued income	7,436	6,354
Long-term loans	35,045	38,457
Guarantee deposits	167,064	156,807
	564,324	575,597

(2) Financial liabilities by categories as of September 30, 2015 and December 31, 2014 are as follows:

(In millions of won)

	September 30, 2015			
	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortized cost	Derivative financial instruments designated as hedged item	Total
Derivative financial liabilities			85,456	85,456
Borrowings		353,922		353,922
Debentures(*1)	110,027	5,246,050		5,356,077
Accounts payable other and others(*2)		1,910,682		1,910,682
	110,027	7,510,654	85,456	7,706,137

(In millions of won)

	December 31, 2014			
	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortized cost	Derivative financial instruments designated as hedged item	Total

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Derivative financial liabilities			130,889	130,889
Borrowings		292,280		292,280
Debentures(*1)	110,365	4,744,502		4,854,867
Accounts payable other and others(*2)		2,582,608		2,582,608
	110,365	7,619,390	130,889	7,860,644

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For the nine-month periods ended September 30, 2015 and 2014

26. Categories of Financial Instruments, Continued

(2) Financial liabilities by categories as of September 30, 2015 and December 31, 2014 are as follows, Continued:

(*1) Bonds classified as financial liabilities at fair value through profit or loss as of September 30, 2015 and December 31, 2014 are structured bonds and they were designated as financial liabilities at fair value through profit or loss in order to settle the difference of the measurement bases of accounting profit or loss between the related derivatives and bonds.

(*2) Details of accounts payable and other payables as of September 30, 2015 and December 31, 2014 are as follows:

(In millions of won)

	September 30, 2015	December 31, 2014
Accounts payable other	738,702	1,086,485
Withholdings		3
Accrued expenses	472,888	615,488
Current installments of long-term payables other	119,566	189,389
Long-term payables other	547,970	657,001
Other non-current liabilities	31,556	34,242
	1,910,682	2,582,608

27. Financial Risk Management

(1) Financial risk management

The Company is exposed to credit risk, liquidity risk and market risk. Market risk is the risk related to the changes in market prices, such as foreign exchange rates, interest rates and equity prices. The Company implements a risk management system to monitor and manage these specific risks.

The Company's financial assets under financial risk management consist of cash and cash equivalents, financial instruments, available-for-sale financial assets, trade and other receivables. Financial liabilities consist of trade and other payables, borrowings, and debentures.

1) Market risk

(i) Currency risk

The Company is exposed to currency risk mainly on exchange fluctuations on recognized assets and liabilities. The Company manages currency risk by currency forward, etc. if needed to hedge currency risk on business transactions. Currency risk occurs on forecasted transaction and recognized assets and liabilities which are denominated in a currency other than the functional currency of the Company.

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For the nine-month periods ended September 30, 2015 and 2014

27. Financial Risk Management, Continued

(1) Financial risk management, Continued

1) Market risk, Continued

(i) Currency risk, Continued

Monetary foreign currency assets and liabilities as of September 30, 2015 are as follows:

(In millions of won, thousands of U.S. dollars, thousands of Euros, thousands of Japanese Yen, thousands of other currencies)

	Assets		Liabilities	
	Foreign currencies	Won translation	Foreign currencies	Won translation
USD	51,603	61,073	1,468,006	1,753,533
EUR	6,004	8,068	2	2
JPY	20,726	207		
AUD			298,897	249,959
CHF			299,269	367,964
Others	4,994	1,111	36	24
		70,459		2,371,482

In addition, the Company has entered into cross currency swaps to hedge against currency risk related to foreign currency borrowings and debentures. (See Note 15)

As of September 30, 2015, effects on income (loss) before income tax as a result of change in exchange rate by 10% are as follows:

(In millions of won)

	If increased by 10%	If decreased by 10%
USD	5,398	(5,398)
EUR	773	(773)
JPY	21	(21)
Others	109	(109)
	6,301	(6,301)

(ii) Equity price risk

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The Company has equity securities which include listed and non-listed securities for its liquidity and operating purpose. As of September 30, 2015, available-for-sale equity instruments measured at fair value amount to 611,039 million.

(iii) Interest rate risk

Since the Company's interest bearing assets are mostly fixed-interest bearing assets, as such, the Company's revenue and operating cash flow are not influenced by the changes in market interest rates. However, the Company still has interest rate risk arising from borrowings and debentures.

Accordingly, the Company performs various analysis of interest rate risk, which includes refinancing, renewal, alternative financing and hedging instrument option, to reduce interest rate risk and to optimize its financing.

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Notes to the Condensed Separate Interim Financial Statements

For the nine-month periods ended September 30, 2015 and 2014

27. Financial Risk Management, Continued

(1) Financial risk management, Continued

1) Market risk, Continued

(iii) Interest rate risk, Continued

The Company's interest rate risk arises from floating-rate borrowings and payables. As of September 30, 2015, floating-rate debentures amount to 358,350 million and the Company has entered into interest rate swaps to hedge interest rate risk related to floating-rate borrowings and debentures (See Note 15). If interest rate only increases (decreases) by 1%, income before income taxes for the nine-month period ended September 30, 2015 would not have been changed due to the interest expense from floating-rate borrowings and debentures.

2) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet his/her contractual obligations. The maximum credit exposure as of September 30, 2015 and December 31, 2014 are as follows:

(In millions of won)

	September 30, 2015	December 31, 2014
Cash and cash equivalents	523,809	248,281
Financial instruments	133,064	143,069
Available-for-sale financial assets	2,030	8,648
Accounts receivable - trade	1,636,670	1,559,281
Loans and receivables	564,324	575,597
Derivative financial assets	161,881	67,728
Financial assets at fair value through profit or loss	7,986	7,817
	3,029,764	2,610,421

To manage credit risk, the Company evaluates the credit worthiness of each customer or counterparty considering the party's financial information, its own trading records and other factors; based on such information, the Company establishes credit limits for each customer or counterparty.

For the nine-month period ended September 30, 2015, the Company has no trade and other receivables or loans which have indications of significant impairment loss or are overdue for a prolonged period. As a result, the Company believes that the possibility of default is remote. Also, the Company's credit risk can rise due to transactions with financial institutions related to its cash and cash equivalents, financial instruments and derivatives. To minimize such risk, the Company has a policy to deal with high credit worthy financial institutions. The amount of maximum exposure to credit risk of the Company is the carrying amount of financial assets as of September 30, 2015.

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In addition, the aging of trade and other receivables that are overdue at the end of the reporting period but not impaired is stated in Note 5 and the analysis of financial assets that are individually determined to be impaired at the end of the reporting period is stated in Note 23.

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Notes to the Condensed Separate Interim Financial Statements

For the nine-month periods ended September 30, 2015 and 2014

27. Financial Risk Management, Continued

(1) Financial risk management, Continued

3) Liquidity risk

The Company's approach to managing liquidity is to ensure that it will always maintain sufficient cash equivalents balance and have enough liquidity through various committed credit lines. The Company maintains flexibly enough liquidity under credit lines through active operating activities.

Contractual maturities of financial liabilities as of September 30, 2015 are as follows:

(In millions of won)

	Carrying amount	Contractual cash flows	Less than 1 year	1 5 years	More than 5 years
Borrowings(*1)	353,922	364,654	276,823	59,560	28,271
Debentures(*1)	5,356,077	6,533,362	650,222	3,047,909	2,835,231
Accounts payable other and others(*2)	1,910,682	1,961,060	1,291,061	548,880	121,119
	7,620,681	8,859,076	2,218,106	3,656,349	2,984,621

The Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at different amounts.

(*1) Includes estimated interest to be paid and excludes discounts on borrowings and debentures.

(*2) Excludes discounts on accounts payable other and others.

As of September 30, 2015, periods which cash flows from cash flow hedge derivatives are expected to occur are as follows:

(In millions of won)

	Carrying amount	Contractual cash flows	Less than 1 year	1 5 years	More than 5 years
Assets	152,898	163,391	2,980	127,946	32,465
Liabilities	(85,456)	(88,781)	(4,748)	(84,033)	
	67,442	74,610	(1,768)	43,913	32,465

(2) Capital management

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The Company manages its capital to ensure that it will be able to continue as a business while maximizing the return to shareholders through the optimization of its debt and equity balance. The overall strategy of the Company is the same as that of the Company as of and for the year ended December 31, 2014.

The Company monitors its debt-equity ratio as a capital management indicator. This ratio is calculated as total liabilities divided by total equity; the total liabilities and equity is derived from the financial statements.

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the nine-month periods ended September 30, 2015 and 2014

27. Financial Risk Management, Continued

(2) Capital management, Continued

Debt-equity ratio as of September 30, 2015 and December 31, 2014 are as follows:

<i>(In millions of won)</i>	September 30, 2015	December 31, 2014
Liabilities	9,100,151	9,170,241
Equity	14,044,571	13,542,221
Debt-equity ratio	64.79%	67.72%

(3) Fair value

- 1) Fair value and carrying amount of financial assets and liabilities including fair value hierarchy as of September 30, 2015 are as follows:

<i>(In millions of won)</i>	September 30, 2015				
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets that can be measured at fair value					
Financial assets at fair value through profit or loss	16,969		8,983	7,986	16,969
Derivative financial assets	152,898		152,898		152,898
Available-for-sale financial assets	611,039	519,627	47,246	44,166	611,039
	780,906	519,627	209,127	52,152	780,906
Financial assets that cannot be measured at fair value					
Cash and cash equivalents(*1)	523,839				
Available-for-sale financial assets(*1,2)	190,793				
Accounts receivable trade and others(*1)	2,200,994				
Financial instruments(*1)	133,064				
	3,048,690				
Financial liabilities that can be measured at fair value					
Financial liabilities at fair value through profit or loss	110,027		110,027		110,027
Derivative financial liabilities	85,456		85,456		85,456

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	195,483	195,483	195,483
Financial liabilities that cannot be measured at fair value			
Borrowings	353,922	355,404	355,404
Debentures	5,246,050	5,645,916	5,645,916
Accounts payable other and others(*1)	1,910,682		
	7,510,654	6,001,320	6,001,320

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the nine-month periods ended September 30, 2015 and 2014

27. Financial Risk Management, Continued

(3) Fair value, Continued

- 2) Fair value and carrying amount of financial assets and liabilities including fair value hierarchy as of December 31, 2014 are as follows:

(In millions of won)

	Carrying amount	December 31, 2014			Total
		Level 1	Level 2	Level 3	
Financial assets that can be measured at fair value					
Financial assets at fair value through profit or loss	16,530		8,713	7,817	16,530
Derivative financial assets	59,015		59,015		59,015
Available-for-sale financial assets	586,675	490,741	47,002	48,932	586,675
	662,220	490,741	114,730	56,749	662,220
Financial assets that cannot be measured at fair value					
Cash and cash equivalents(*1)	248,311				248,311
Available-for-sale financial assets(*1,2)	211,466				211,466
Accounts receivable trade and others(*1)	2,134,878				2,134,878
Financial instruments(*1)	143,069				143,069
	2,737,724				2,737,724
Financial liabilities that can be measured at fair value					
Financial liabilities at fair value through profit or loss	110,365		110,365		110,365
Derivative financial liabilities	130,889		130,889		130,889
	241,254		241,254		241,254
Financial liabilities that cannot be measured at fair value					
Borrowings	292,280		300,048		300,048
Debentures	4,744,502		5,103,527		5,103,527
Accounts payable other and others(*1)	2,582,608				2,582,608
	7,619,390		5,403,575		5,403,575

(*1) Does not include fair values of financial assets and liabilities of which fair values have not been measured as carrying amounts are closed to the reasonable approximate fair values.

(*2)

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Equity instruments which do not have quoted price in an active market for the identical instruments (inputs for Level 1) are measured at cost in accordance with K-IFRS 1039 as such equity instruments cannot be reliably measured using other methods.

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the nine-month periods ended September 30, 2015 and 2014

27. Financial Risk Management, Continued

(3) Fair value, Continued

Fair value of the financial instruments that are traded in an active market (available-for-sale financial assets, financial liabilities at fair value through profit or loss, etc.) is measured based on the bid price at the end of the reporting date.

The Company uses various valuation methods for valuation of fair value of financial instruments that are not traded in an active market. Fair value of available-for-sale securities is determined using the market approach methods and financial assets through profit or loss are measured using the option pricing model. In addition, derivative financial contracts and long-term liabilities are measured using the present value methods. Inputs used to such valuation methods include swap rate, interest rate, and risk premium, and the Company performs valuation using the inputs which are consistent with natures of assets and liabilities being evaluated.

Interest rates used by the Company for the fair value measurement as of September 30, 2015 are as follows:

	Interest rate
Derivative instruments	1.74 ~ 2.14%
Borrowings and debentures	2.33 ~ 2.50%

- 3) There have been no transfers from Level 2 to Level 1 for the nine-month period ended September 30, 2015 and changes of financial assets classified as Level 3 for the nine-month period ended September 30, 2015 are as follows:

(In millions of won)

	Balance at January 1	Valuation	Disposal	Balance at September 30
Financial assets at fair value through profit or loss	7,817	169		7,986
Available-for-sale financial assets	48,932		(4,766)	44,166

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the nine-month periods ended September 30, 2015 and 2014

27. Financial Risk Management, Continued

(4) Enforceable master netting agreement or similar agreement

Carrying amount of financial instruments recognized of which offset agreements are applicable as of September 30, 2015 are as follows:

(In millions of won)

	Gross financial instruments recognized	Gross offset financial instruments recognized	Net financial instruments presented on the statements of financial position	Relevant amount not offset on the statements of financial position Financial instruments	Cash collaterals received	Net amount
Financial assets:						
Derivatives(*)	68,522		68,522	(52,560)		15,962
Accounts receivable trade and others	117,216	(105,247)	11,969			11,969
	185,738	(105,247)	80,491	(52,560)		27,931
Financial liabilities:						
Derivatives(*)	52,560		52,560	(52,560)		
Accounts payable other and others	105,247	(105,247)				
	157,807	(105,247)	52,560	(52,560)		

Carrying amount of financial instruments recognized of which offset agreements are applicable as of December 31, 2014 are as follows:

(In millions of won)

	Gross financial instruments recognized	Gross offset financial instruments recognized	Net financial instruments presented on the statements of financial position	Relevant amount not offset on the statements of financial position Financial instruments	Cash collaterals received	Net amount
Financial assets:						
Derivatives(*)	48,057		48,057	(45,892)		2,165
Accounts receivable trade and others	128,794	(117,568)	11,226			11,226
	176,851	(117,568)	59,283	(45,892)		13,391
Financial liabilities:						
Derivatives(*)	45,892		45,892	(45,892)		
Accounts payable other and others	117,568	(117,568)				

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163,460	(117,568)	45,892	(45,892)
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(*) The amount is applicable by enforceable master netting agreement according to ISDA (International Swap and Derivatives Association).

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the nine-month periods ended September 30, 2015 and 2014

28. Transactions with Related Parties

(1) List of related parties

Relationship	Company
Ultimate Controlling Entity	SK Holdings Co., Ltd.
Subsidiaries	SK Planet Co., Ltd. and 39 others(*)
Joint ventures	Dogus Planet, Inc. and three others
Associates	SK hynix Inc. and 50 others
Affiliates	The Ultimate Controlling Entity's subsidiaries and associates, etc.

(*) As of September 30, 2015, subsidiaries of the Company are as follows:

Company	Ownership percentage (%)	Types of business
SK Telink Co., Ltd.	83.5	Telecommunication and MVNO service
M&Service Co., Ltd.	100.0	Data base and internet website service
SK Communications Co., Ltd.	64.6	Internet website services
Stonebridge Cinema Fund	55.2	Investment association
Commerce Planet Co., Ltd.	100.0	Online shopping mall operation agency
SK Broadband Co., Ltd.	100.0	Telecommunication services
K-net Culture and Contents Venture Fund	59.0	Investment association
Fitech Focus Limited Partnership II	66.7	Investment association
Open Innovation Fund	98.9	Investment association
PS&Marketing Corporation	100.0	Communications device retail business
Service Ace Co., Ltd.	100.0	Customer center management service
Service Top Co., Ltd.	100.0	Customer center management service
Network O&S Co., Ltd.	100.0	Base station maintenance service
BNCP Co., Ltd.	100.0	Internet website services
Icon Cube Holdings Co., Ltd.	100.0	Investment association
Icon Cube Co., Ltd.	100.0	Internet website services
SK Planet Co., Ltd.	100.0	Telecommunication service
Neosnetworks Co., Ltd.	83.9	Guarding of facilities
IRIVER LIMITED	49.0	Manufacturing of media and sound equipment
iriver Enterprise Ltd.	100.0	Management of Chinese subsidiary
iriver America Inc.	100.0	Sales and marketing in North America
iriver Inc.	100.0	Sales and marketing in North America
iriver China Co., Ltd.	100.0	Manufacturing of MP3,4 and domestic sales in China
Dongguan iriver Electronics Co., Ltd.	100.0	Manufacturing of e-book and domestic sales in China
Groovers JP Ltd.	100.0	Digital music contents sourcing and distribution service
SK Telecom China Holdings Co., Ltd.	100.0	Investment association
SK Global Healthcare Business Group., Ltd.	100.0	Investment association
SK Planet Japan, K. K.	100.0	Digital contents sourcing service
SKT Vietnam PTE. Ltd.	73.3	Telecommunication service

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SK Planet Global PTE. Ltd.	100.0	Digital contents sourcing service
SKP GLOBAL HOLDINGS PTE. LTD.	100.0	Investment association
SKT Americas, Inc.	100.0	Information gathering and consulting
SKP America LLC.	100.0	Digital contents sourcing service
YTK Investment Ltd.	100.0	Investment association
Atlas Investment	100.0	Investment association
Technology Innovation Partners, L.P.	100.0	Investment association
SK Telecom China Fund I L.P.	100.0	Investment association
Entrix Co., Ltd.	100.0	Cloud streaming service
shopkick Management Company, Inc.	95.2	Investment association
shopkick, Inc.	100.0	Mileage-based online transaction application development

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the nine-month periods ended September 30, 2015 and 2014

28. Transactions with Related Parties, Continued

(2) Compensation for the key management

The Company considers registered directors who have substantial role and responsibility in planning, operating, and controlling of the business as key management. The compensation given to such key management for the three and nine-month periods ended September 30, 2015 and 2014 are as follows:

(In millions of won)

	2015		2014	
	Three-month period ended September 30	Nine-month period ended September 30	Three-month period ended September 30	Nine-month period ended September 30
Salaries	207	1,767	379	2,212
Provision for retirement benefits	42	584	114	794
	249	2,351	493	3,006

Compensation for the key management includes salaries, non-monetary salaries and contributions made in relation to the pension plan.

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the nine-month periods ended September 30, 2015 and 2014

28. Transactions with Related Parties, Continued

(3) Transactions with related parties for the three and nine-month periods ended September 30, 2015 and 2014 are as follows:

(In millions of won)

Scope	Company	2015							
		Operating revenue and others		Operating expense and others		Acquisition of property and equipment		Loans	
		Three-month period ended Sep. 30	Nine-month period ended Sep. 30	Three-month period ended Sep. 30	Nine-month period ended Sep. 30	Three-month period ended Sep. 30	Nine-month period ended Sep. 30	Three-month period ended Sep. 30	Nine-month period ended Sep. 30
Ultimate Controlling Entity	SK Holdings Co., Ltd. (formerly, SK C&C Co., Ltd.)(*1)	2,191	4,217	88,561	210,247	28,082	91,524		
	SK Holdings Co., Ltd. (formerly, SK Holding Co., Ltd.)(*2,3)	22	369	22,617	207,193				
		2,213	4,586	111,178	417,440	28,082	91,524		
Subsidiaries	SK Broadband Co., Ltd.	30,982	95,360	143,012	403,911	12,803	14,803		
	PS&Marketing Corporation	2,871	8,492	204,378	620,406	424	739		
	Network O&S Co., Ltd.	1,848	3,407	53,141	132,814	4,784	4,784		
	SK Planet Co., Ltd.(*4)	150,893	178,076	138,112	404,855	5,258	6,978		
	SK Telink Co., Ltd.	16,145	46,441	5,347	18,854	5	5		
	Service Ace Co., Ltd.	1,907	5,712	41,449	116,855				
	Service Top Co., Ltd.	2,138	6,259	41,087	119,209				
	Others	2,756	8,991	10,568	25,608	97	247		
		209,540	352,738	637,094	1,842,512	23,371	27,556		
Associates	F&U Credit information Co., Ltd.	404	1,257	10,124	30,842				
	HappyNarae Co., Ltd.	33	67	518	2,273	2,192	4,835		
	SK hynix Inc.(*5)	1,514	49,712	36	2,235				
	SK Wyverns Baseball Club Co., Ltd.	280	841	2,002	12,910				
	KEB HanaCard Co., Ltd.	5,325	16,175	3,958	12,181				
	Others(*6)	16	2,560	1,010	4,447		11	500	
		7,572	70,612	17,648	64,888	2,192	4,846		500
Other	SK Engineering & Construction Co., Ltd.	1,223	5,361	9,577	18,167	59,346	142,961		

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	SK Networks Co., Ltd.	1,201	5,647	3,894	12,170		
	SK Networks service Co., Ltd.	2,773	7,504	13,083	30,243	1,418	1,845
	SK Telesys Co., Ltd.	38	133	1,984	5,838	19,843	67,791
	Others	5,086	11,417	8,598	21,332	1,996	3,878
		10,321	30,062	37,136	87,750	82,603	216,475
Total		229,646	457,998	803,056	2,412,590	136,248	340,401
							500

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the nine-month periods ended September 30, 2015 and 2014

28. Transactions with Related Parties, Continued

- (3) Transactions with related parties for the three and nine-month periods ended September 30, 2015 and 2014 are as follows,
Continued:

- (*1) On August 1, 2015, SK C&C Co., Ltd., the Ultimate Controlling Entity's investor using equity method, merged SK Holdings Co., Ltd. the ultimate controlling entity of the Company, and changed its name to SK, Holdings Co., Ltd.
- (*2) These relates to transactions occurred until July 31, 2015 before the merger with SK C&C Co., Ltd.
- (*3) Operating expense and others include 191,416 million of dividends paid by the Company.
- (*4) Operating revenue and others include 140,834 million of dividend recognized due to the declaration of dividend in kind of SK Planet Co., Ltd., a subsidiary of the Company.
- (*5) Operating revenue and others include 43,830 million of dividends received from SK hynix Inc.
- (*6) Operating revenue and others include 2,103 million and 227 million of dividends received from Korea IT Fund and UniSK, respectively.

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28. Transactions with Related Parties, Continued

- (3) Transactions with related parties for the three and nine-month periods ended September 30, 2015 and 2014 are as follows,
Continued:

(In millions of won)

Scope	Company	2014							
		Operating revenue and others		Operating expense and others		Acquisition of property and equipment		Loans	
		Three-month period ended Sep. 30	Nine-month period ended Sep. 30	Three-month period ended Sep. 30	Nine-month period ended Sep. 30	Three-month period ended Sep. 30	Nine-month period ended Sep. 30	Three-month period ended Sep. 30	Nine-month period ended Sep. 30
Ultimate Controlling Entity	SK Holdings Co., Ltd.(*)	83	318	27,050	211,475				
Subsidiaries	SK Broadband Co., Ltd.	35,450	107,549	164,144	419,785	8,645	8,691		
	PS&Marketing Corporation	4,419	11,205	244,188	585,754	160	1,001		
	Network O&S Co., Ltd.	1,861	3,133	42,103	112,246	146	146		
	SK Planet Co., Ltd.	16,050	44,238	162,572	460,634	3,762	4,807		
	SK Telink Co., Ltd.	14,057	37,186	3,388	14,740		227		
	Service Ace Co., Ltd.	1,807	5,349	37,646	107,205				
	Service Top Co., Ltd.	1,657	4,960	38,986	114,186				
	Others	3,482	7,191	9,296	22,310	564	614		
			78,783	220,811	702,323	1,836,860	13,277	15,486	
Associates	F&UCredit information Co., Ltd.	410	1,303	10,939	31,957				
	HappyNarae Co., Ltd.			1,017	2,518	1,844	5,337		
	SK hynix Inc.	2,244	5,415		879				
	SK Wyverns Baseball Club Co., Ltd.	5	13	3,000	11,921				
	HanaSK Card Co., Ltd.(*2)	6,058	19,477	968	2,481				
	Others	73	1,372	3,478	7,816				45
		8,790	27,580	19,402	57,572	1,844	5,337		45
Other	SK Engineering & Construction Co., Ltd	502	1,798	10,799	22,273	78,484	134,071		
	SK C&C Co., Ltd.	1,060	2,913	68,698	181,392	21,928	59,020		
	SK Networks Co., Ltd.	1,429	11,422	5,484	200,758		2,454		
	SK Networks service Co., Ltd.	2,464	7,757	7,017	21,296	293	728		
	SK Telesys Co., Ltd.	103	184	3,042	5,018	42,431	99,830		
	Others	3,308	8,687	5,948	12,660	421	4,268		

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	8,866	32,761	100,988	443,397	143,557	300,371	
Total	96,522	281,470	849,763	2,549,304	158,678	321,194	45

(*) Operating expense and others include 191,416 million of dividends paid by the Company.

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the nine-month periods ended September 30, 2015 and 2014

28. Transactions with Related Parties, Continued

(4) Account balances as of September 30, 2015 and December 31, 2014 are as follows:

(In millions of won)

Scope	Company	Loans	September 30, 2015	
			Accounts receivable Accounts receivable - trade, and others	Accounts payable Accounts payable trade, and others
Ultimate Controlling Entity	SK Holdings Co., Ltd. (formerly, SK C&C Co., Ltd.) (*)		666	94,236
Subsidiaries	SK Broadband Co., Ltd.		1,878	19,275
	PS&Marketing Corporation		1,296	71,655
	Network O&S Co., Ltd.		222	26,422
	SK Planet Co., Ltd.		145,298	36,666
	SK Telink Co., Ltd.		9,952	3,830
	Service Ace Co., Ltd.			19,922
	Service Top Co., Ltd.			21,030
	Others			5,371
			164,017	214,926
Associates	HappyNarae Co., Ltd.			635
	SK hynix Inc.		2,438	
	SK Wyverns Baseball Club., Ltd.	1,221	102	
	Wave City Development Co., Ltd.	1,700	38,412	
	Daehan Kanggun BcN Co., Ltd.	22,147		
	KEB HanaCard Co., Ltd.		1,797	36,906
	Others		42	1,087
		25,068	42,791	38,628
Other	SK Engineering and Construction Co., Ltd.		3,414	1,064
	SK Networks Co., Ltd.		1,332	1,133
	SK Networks Services Co., Ltd.		53	4,286
	SK Telesys Co., Ltd.		177	3,713
	SK innovation Co., Ltd.		2,144	182
	Others		1,593	20,054
			8,713	30,432
Total		25,068	216,187	378,222

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(*) On August 1, 2015, SK C&C Co., Ltd., the Ultimate Controlling Entity's investor using equity method, merged SK Holdings Co., Ltd., the ultimate controlling entity of the Company, and changed its name to SK, Holdings Co., Ltd.

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the nine-month periods ended September 30, 2015 and 2014

28. Transactions with Related Parties, Continued

(4) Account balances as of September 30, 2015 and December 31, 2014 are as follows, Continued:

(In millions of won)

Scope	Company	December 31, 2014		
		Loans	Accounts payable	
		Accounts receivable Accounts receivable - trade, and others	Accounts payable trade, and others	
Ultimate Controlling Entity	SK Holdings Co., Ltd.		89	
Subsidiaries	SK Broadband Co., Ltd.		38,432	
	PS&Marketing Corporation		101,431	
	Network O&S Co., Ltd.		12,981	
	SK Planet Co., Ltd.		51,991	
	SK Telink Co., Ltd.		5,665	
	Service Ace Co., Ltd.		19,972	
	Service Top Co., Ltd.		21,386	
	Others		15,042	
			35,233	266,900
	Associates	HappyNarae Co., Ltd.		1,780
SK hynix Inc.			2,763	
SK Wyverns Baseball Club., Ltd.		1,221		
Wave City Development Co., Ltd.		1,200	38,412	
Daehan Kanggun BeN Co., Ltd.		22,147		
KEB HanaCard Co., Ltd.			38	
Others			840	
		24,568	43,066	5,421
Other	SK Engineering and Construction Co., Ltd.		359	3,754
	SK C&C Co., Ltd.		718	76,777
	SK Networks Co., Ltd.		2,027	4,766
	SK Networks Services Co., Ltd.		12	2,004
	SK Telesys Co., Ltd.		282	1,559
	SK innovation Co., Ltd.		1,510	247
	Others		2,592	6,108
			7,500	95,215
Total		24,568	85,888	367,536

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- (5) As of September 30, 2015, there are no collateral or guarantee provided by related parties to the Company, nor by the Company to related parties.

- (6) The Company made an additional investment in associates and joint ventures during the nine-month period ended September 30, 2015. (Refer to Note 7)

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the nine-month periods ended September 30, 2015 and 2014

29. Sale and Leaseback

For the year ended December 31, 2012, the Company disposed a portion of its property and equipment and investment property, and entered into lease agreements with respect to those assets. This sale and leaseback transaction is accounted for as an operating lease and the gain on disposal of the property and equipment is recognized as profit or loss.

The Company recognized lease payment of 10,904 million and 10,587 million, respectively, in relation to the above operating lease agreement and lease revenue of 7,155 million and 6,773 million, respectively, in relation to the sublease agreement for the nine-month periods ended September 30, 2015 and 2014. Future lease payments and lease revenue from the above operating lease agreement and sublease agreement are as follows:

<i>(In millions of won)</i>	Lease payments	Lease revenue
Less than 1 year	14,866	9,540
1~5 years	54,268	30,482
More than 5 years	30,849	15,183
	99,983	55,205

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the nine-month periods ended September 30, 2015 and 2014

30. Statements of Cash Flows

- (1) Adjustments for income and expenses from operating activities for the nine-month periods ended September 30, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	For the nine-month period ended	
	September 30, 2015	September 30, 2014
Interest income	(15,946)	(19,127)
Dividends	(200,046)	(13,048)
Gain on foreign currency translation	(1,769)	(1,041)
Gain relating to financial assets at fair value through profit or loss	(168)	
Gain relating to financial liabilities at fair value through profit or loss	(5,188)	
Gain on disposal of long-term investment securities	(2,828)	(8,572)
Gain on disposal of property and equipment and intangible assets	(2,075)	(2,891)
Gain on valuation of derivatives	(4,633)	(8,257)
Gain on settlement of derivatives		(119)
Loss on foreign currency translation	8	832
Bad debt for accounts receivable trade	27,735	19,380
Bad debt for accounts receivable other	7,572	12,229
Loss on disposal of long-term investments securities	2	6
Loss relating to financial assets at fair value through profit or loss		1,352
Other finance costs	37,407	
Loss relating to investments in subsidiaries and associates	3,819	
Depreciation and amortization	1,689,428	1,632,851
Loss on disposal of property and equipment and intangible assets	13,396	11,593
Interest expenses	181,266	199,527
Loss relating to financial liabilities at fair value through profit or loss	4,850	11,287
Loss on settlement of derivatives	4,517	335
Provision for retirement benefits	26,474	25,761
Income tax expense	299,603	204,619
Other expenses	4,418	4,057
	2,067,842	2,070,774

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the nine-month periods ended September 30, 2015 and 2014

30. Statements of Cash Flows, Continued

- (2) Changes in assets and liabilities from operating activities for the nine-month periods ended September 30, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	For the nine-month period ended	
	September 30, 2015	September 30, 2014
Accounts receivable trade	(104,537)	(155,436)
Accounts receivable other	(23,889)	(73,356)
Advance payments	(27,826)	(21,803)
Prepaid expenses	(2,215)	(580)
Inventories	(15,742)	8,143
Long-term prepaid expenses	(98)	(4,020)
Guarantee deposits	(9,376)	(2,876)
Accounts payable other	(182,128)	(321,880)
Advanced receipts	10,511	5,251
Withholdings	57,277	88,692
Deposits received	(7,256)	(1,081)
Accrued expenses	(154,137)	16,740
Unearned revenue	(88,191)	(75,529)
Provisions	(11,892)	(14,399)
Long-term provisions	(6,907)	20,842
Plan assets	(4,883)	(69)
Retirement benefit payment	(22,194)	(11,525)
Others	1,357	1,970
	(592,126)	(540,916)

- (3) Significant non-cash transactions for the nine-month periods ended September 30, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	For the nine-month period ended	
	September 30, 2015	September 30, 2014
Transfer of construction in progress to property and equipment and intangible assets	996,751	1,231,055
Transfer of other property and equipment and others to construction in progress	519,297	643,631
Decrease of accounts payable other related to acquisition of property and equipment and intangible assets	(165,657)	(261,200)
Transfer of investments in associates to available-for-sale financial assets	60,706	

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SK TELECOM CO., LTD.

Notes to the Condensed Separate Interim Financial Statements

For the nine-month periods ended September 30, 2015 and 2014

31. Subsequent Events

- (1) On November 2, 2015, the board of directors of the Company resolved to acquire 30% of the issued and outstanding common shares of CJ Hello Vision Co, Ltd. (CJ Hello Vision) from CJ O Shopping Co., Ltd.(CJ O Shopping), and the Company entered into a share purchase agreement with CJ O Shopping. On April 1, 2016, the Company will acquire 23,234,060 shares of CJ Hello Vision and grant put option to CJ O Shopping and be granted call option on CJ O Shopping s remaining shares in CJ Hello Vision.

- (2) On November 2, 2015, the board of directors of SK Broadband Co., Ltd. (SK Broadband), a subsidiary of the Company, held a meeting to resolve the merger of SK Broadband into CJ Hello Vision, and SK Broadband entered into a merger agreement with CJ Hello Vision. Under the agreement, SK Broadband will be merged into CJ Hello Vision on April 1, 2016.

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SIGNATURES

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

SK Telecom Co., Ltd.

(Registrant)

By: /s/ Yong Hwan Lee
(Signature)

Name: Yong Hwan Lee
Title: Chief Financial Officer

Date: December 17, 2015