

SK HYNIX, INC. and Subsidiaries

Condensed Consolidated Interim Financial Statements

March 31, 2016 and 2015

(Unaudited)

(With Independent Auditors' Review Report Thereon)

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Independent Auditors' Review Report

Based on a report originally issued in Korean

The Board of Directors and Shareholders
SK hynix, Inc.:

We have reviewed the accompanying condensed consolidated interim financial statements of SK hynix, Inc. and its subsidiaries (the "Group") which comprise the condensed consolidated statement of financial position as of March 31, 2016, the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2016 and 2015 and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS") No.1034 'Interim Financial Reporting', and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' review responsibility

Our responsibility is to issue a report on these condensed consolidated interim financial statements based on our reviews.

We conducted our reviews in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial statements 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 Standards on Auditing 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 reviews, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements referred to above are not prepared fairly, in all material respects, in accordance with K-IFRS No.1034 'Interim Financial Reporting'.

Other matters

The consolidated statement of financial position of the Group as of December 31, 2015, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by us in accordance with Korean Standards on Auditing and our report thereon, dated February 17, 2016, expressed an unqualified opinion. The accompanying condensed consolidated statement of financial position of the Group as of December 31, 2015, presented for comparative purposes, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

The procedures and practices utilized in the Republic of Korea to review such condensed consolidated interim financial statements may differ from those generally accepted and applied in other countries.



KPMG Samjony Accounting Corp.

Seoul, Korea
May 9, 2016

This report is effective as of May 9, 2016, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

KPMG Samjong Accounting Corp.
Seoul, Korea
May 9, 2016

This report is effective as of May 9, 2016, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

SK HYNIX, INC. and Subsidiaries
Condensed Consolidated Statements of Financial Position
As of March 31, 2016 and December 31, 2015
(Unaudited)

(In millions of won)

	<u>Note</u>	<u>2016</u>	<u>2015</u>
Assets			
Current assets			
Cash and cash equivalents	5,6	₩ 946,946	1,175,719
Short-term financial instruments	5,6,7	3,310,079	3,615,554
Trade receivables, net	5,6,8	2,266,364	2,628,448
Loans and other receivables, net	5,6,8	43,391	61,613
Inventories, net	9	2,193,908	1,923,376
Current tax assets		361	1,394
Other current assets	11	402,052	353,926
		<u>9,163,101</u>	<u>9,760,030</u>
Non-current assets			
Investments in associates and joint ventures	12	125,155	122,609
Available-for-sale financial assets	5,6,13	137,589	131,354
Loans and other receivables, net	5,6,8	63,476	62,919
Other financial assets	5,6,7	429	430
Property, plant and equipment, net	14,32	17,666,499	16,966,252
Intangible assets, net	15	1,735,514	1,704,896
Investment property, net	16	2,653	2,679
Deferred tax assets		359,385	361,204
Other non-current assets	11	543,854	565,533
		<u>20,634,554</u>	<u>19,917,876</u>
Total assets		<u>₩ 29,797,655</u>	<u>29,677,906</u>

See accompanying notes to the condensed consolidated interim financial statements.

SK HYNIX, INC. and Subsidiaries
Condensed Consolidated Statements of Financial Position, Continued
As of March 31, 2016 and December 31, 2015
(Unaudited)

(In millions of won)

	<u>Note</u>	<u>2016</u>	<u>2015</u>
Liabilities			
Current liabilities			
Trade payables	5,6 ₩	633,408	791,373
Other payables	5,6,24	1,696,391	1,337,803
Other non-trade payables	5,6	400,269	1,001,171
Borrowings	5,6,17	971,254	1,013,372
Provisions	19	27,851	25,276
Current tax liabilities		476,896	627,260
Other current liabilities	18	45,536	44,443
		<u>4,251,605</u>	<u>4,840,698</u>
Non-current liabilities			
Other non-trade payables	5,6	74,046	89,891
Borrowings	5,6,17	3,410,098	2,805,223
Other financial liabilities	5,6,21	624	683
Defined benefit liabilities, net	20	528,431	484,977
Deferred tax liabilities		6,946	7,582
Other non-current liabilities	18	61,216	61,149
		<u>4,081,361</u>	<u>3,449,505</u>
Total liabilities		<u>8,332,966</u>	<u>8,290,203</u>
Equity			
Equity attributable to owners of the Parent Company			
Capital stock	1,22	3,657,652	3,657,652
Capital surplus	22	4,143,736	4,143,736
Other equity	22	(771,913)	(771,913)
Accumulated other comprehensive loss	23	(16,611)	(1,600)
Retained earnings	24	14,448,057	14,358,988
Total equity attributable to owners of the Parent Company		<u>21,460,921</u>	<u>21,386,863</u>
Non-controlling interests		<u>3,768</u>	<u>840</u>
Total equity		<u>21,464,689</u>	<u>21,387,703</u>
Total liabilities and equity	₩	<u>29,797,655</u>	<u>29,677,906</u>

See accompanying notes to the condensed consolidated interim financial statements.

SK HYNIX, INC. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income
For the three-month periods ended March 31, 2016 and 2015
(Unaudited)

(In millions of won, except per share information)

	Note	2016	2015
Revenue	4	₩ 3,655,717	4,818,341
Cost of sales	26	2,337,672	2,529,949
Gross profit		<u>1,318,045</u>	<u>2,288,392</u>
Selling and administrative expense	25,26	756,247	699,862
Operating profit		561,798	1,588,530
Finance income	27	300,719	200,602
Finance expenses	27	292,464	179,122
Share of profit of equity-accounted investees	12	3,071	5,695
Other income	28	6,976	5,422
Other expenses	28	22,110	19,047
Profit before income tax		557,990	1,602,080
Income tax expense	29	109,964	306,624
Profit for the period		<u>448,026</u>	<u>1,295,456</u>
Other comprehensive income (loss)			
Item that will never be reclassified to profit or loss:			
Remeasurements of defined benefit liability, net of tax	20	(2,124)	(1,616)
Items that are or may be reclassified to profit or loss:			
Foreign operations – foreign currency translation differences, net of tax	23	(13,804)	13,426
Equity-accounted investees – share of other comprehensive income (loss), net of tax	12,23	(1,661)	567
Other comprehensive income (loss) for the period, net of tax		<u>(17,589)</u>	<u>12,377</u>
Total comprehensive income for the period		<u>₩ 430,437</u>	<u>1,307,833</u>

See accompanying notes to the condensed consolidated interim financial statements.

SK HYNIX, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income, Continued

For the three-month periods ended March 31, 2016 and 2015

(Unaudited)

(In millions of won, except per share information)

	<u>Note</u>	<u>2016</u>	<u>2015</u>
Profit (loss) attributable to:			
Owners of the Parent Company	₩	444,194	1,295,730
Non-controlling interests		3,832	(274)
Total comprehensive income (loss) attributable to:			
Owners of the Parent Company		426,669	1,308,172
Non-controlling interests		3,768	(339)
Earnings per share			
Basic earnings per share (in won)	30	629	1,780
Diluted earnings per share (in won)	30	629	1,780

See accompanying notes to the condensed consolidated interim financial statements.

SK HYNIX, INC. and Subsidiaries
Condensed Consolidated Statements of Changes in Equity
For the three-month periods ended March 31, 2016 and 2015
(Unaudited)

	Attributable to owners of the Parent Company							Non-controlling interests	Total equity
	Capital stock	Capital surplus	Other equity	Accumulated other comprehensive income (loss)	Retained earnings	Total			
<i>(In millions of won)</i>									
Balance at January 1, 2015	₩ 3,657,652	4,143,736	(24)	(41,815)	10,276,904	18,036,453	(150)	18,036,303	
Total comprehensive income:									
Profit for the period	-	-	-	-	1,295,730	1,295,730	(274)	1,295,456	
Remeasurements of defined benefit liability, net of tax	-	-	-	-	(1,615)	(1,615)	-	(1,615)	
Other comprehensive income from joint venture and associate, net of tax	-	-	-	566	-	566	-	566	
Foreign currency translation differences for foreign operations, net of tax	-	-	-	13,492	-	13,492	(65)	13,427	
Total comprehensive income	-	-	-	14,058	1,294,115	1,308,173	(339)	1,307,834	
Transactions with owners of the Parent Company:									
Dividends paid	-	-	-	-	(218,401)	(218,401)	-	(218,401)	
Balance at March 31, 2015	₩ 3,657,652	4,143,736	(24)	(27,757)	11,352,618	19,126,225	(489)	19,125,736	

See accompanying notes to the condensed consolidated interim financial statements.

SK HYNIX, INC. and Subsidiaries
Condensed Consolidated Statements of Changes in Equity, Continued
For the three-month periods ended March 31, 2016 and 2015
(Unaudited)

	Attributable to owners of the Parent Company							Non-controlling interests	Total equity
	Capital stock	Capital surplus	Other equity	Accumulated other comprehensive income (loss)	Retained earnings	Total			
<i>(In millions of won)</i>									
Balance at January 1, 2016	₩ 3,657,652	4,143,736	(771,913)	(1,600)	14,358,988	21,386,863	840	21,387,703	
Total comprehensive income:									
Profit for the period	-	-	-	-	444,194	444,194	3,832	448,026	
Remeasurements of defined benefit liability, net of tax	-	-	-	-	(2,124)	(2,124)	-	(2,124)	
Other comprehensive loss from joint venture and associate, net of tax	-	-	-	(1,661)	-	(1,661)	-	(1,661)	
Foreign currency translation differences for foreign operations, net of tax	-	-	-	(13,740)	-	(13,740)	(64)	(13,804)	
Total comprehensive income	-	-	-	(15,401)	442,070	426,669	3,768	430,437	
Transactions with owners of the Parent Company:									
Dividends paid	-	-	-	-	(353,001)	(353,001)	-	(353,001)	
Disposal of a subsidiary	-	-	-	390	-	390	(840)	(450)	
Transactions with owners of the Parent Company	-	-	-	390	(353,001)	(352,611)	(840)	(353,451)	
Balance at March 31, 2016	₩ 3,657,652	4,143,736	(771,913)	(16,611)	14,448,057	21,460,921	3,768	21,464,689	

See accompanying notes to the condensed consolidated interim financial statements.

SK HYNIX, INC. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
For the three-month periods ended March 31, 2016 and 2015
(Unaudited)

(In millions of won)

	<u>Note</u>	<u>2016</u>	<u>2015</u>
Cash flows from operating activities			
Cash generated from operating activities	33 ₩	929,148	2,766,600
Interest received		13,147	27,595
Interest paid		(30,631)	(36,742)
Dividends received		18	995
Income tax paid		(261,983)	(220,798)
Net cash provided by operating activities		<u>649,699</u>	<u>2,537,650</u>
Cash flows from investing activities			
Decrease in short-term financial instruments		2,160,044	4,167,756
Increase in short-term financial instruments		(1,846,823)	(4,441,778)
Collection of loans and other receivables		3,505	789
Increase in loans and other receivables		(3,407)	(2,140)
Proceeds from disposal of available-for-sale financial assets		1,212	531
Acquisition of available-for-sale financial assets		(7,447)	-
Cash inflows from derivative transactions		287	560
Cash outflows from derivative transactions		(406)	(667)
Proceeds from disposal of property, plant and equipment		2,436	3,479
Acquisition of property, plant and equipment		(1,649,520)	(1,628,365)
Proceeds from disposal of intangible assets		238	155
Acquisition of intangible assets		(129,651)	(125,580)
Receipt of government grants		-	378
Acquisition of investments in associates		(1,136)	(2,194)
Net cash used in investing activities	₩	<u>(1,470,668)</u>	<u>(2,027,076)</u>

See accompanying notes to the condensed consolidated interim financial statements.

SK HYNIX, INC. and Subsidiaries
Condensed Consolidated Statements of Cash Flows, Continued
For the three-month periods ended March 31, 2016 and 2015
(Unaudited)

(In millions of won)

	<u>Note</u>	<u>2016</u>	<u>2015</u>
Cash flows from financing activities			
Proceeds from borrowings	₩	1,421,133	883,054
Repayments of borrowings		(805,979)	(1,490,383)
Net cash provided by (used in) financing activities		<u>615,154</u>	<u>(607,329)</u>
Effect of movements in exchange rates on cash and cash equivalents		(22,958)	2,263
Net decrease in cash and cash equivalents		(228,773)	(94,492)
Cash and cash equivalents at beginning of the period		1,175,719	436,761
Cash and cash equivalents at end of the period	₩	<u>946,946</u>	<u>342,269</u>

See accompanying notes to the condensed consolidated interim financial statements.

SK HYNIX, INC. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2016 and 2015
(Unaudited)

1. Reporting Entity

(1) General information about SK hynix, Inc. (the "Parent Company" or the "Company") and its subsidiaries (collectively the "Group") is as follows:

The Parent Company manufactures, distributes and sells semiconductor products and its shares have been listed on the Korea Exchange since 1996. The Parent Company's headquarters is located at 2091 Gyeongchung-daero, Bubal-eup, Icheon-si, Gyeonggi-do, South Korea, and the Group has manufacturing facilities in Icheon-si and Cheongju-si, South Korea, and Wuxi and Chongqing, China.

As of March 31, 2016, the shareholders of the Parent Company are as follows:

Shareholder	Number of shares	Percentage of ownership (%)
SK Telecom Co., Ltd.	146,100,000	20.07
Share Management Council ¹	5,097,667	0.70
National Pension Service and other investors	554,804,128	76.21
Treasury shares	22,000,570	3.02
	<u>728,002,365</u>	<u>100.00</u>

¹ As of March 31, 2016, the number of shares held by each member of Share Management Council is as follows:

Shareholder	Number of shares	Percentage of ownership (%)
KEB Hana Bank	5,092,500	0.70
Other financial institutions	5,167	0.00
	<u>5,097,667</u>	<u>0.70</u>

According to the share purchase agreement dated November 14, 2011, between SK Telecom Co., Ltd. and the Share Management Council, the Share Management Council should exercise its voting right on its shares following SK Telecom Co., Ltd.'s decision in designating officers of the Company or other matters unless this conflicts with the Share Management Council's interest.

SK HYNIX, INC. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2016 and 2015
(Unaudited)

1. Reporting Entity, Continued

(2) Details of the Group's consolidated subsidiaries as of March 31, 2016 and December 31, 2015 are as follows:

Company	Location	Business	Ownership(%)	
			2016	2015
SK hyeng Inc.	Korea	Domestic subsidiary	100.00	100.00
SK hystec Inc.	Korea	Domestic subsidiary	100.00	100.00
Siliconfile Technologies Inc.	Korea	Development and manufacturing of electronic component	100.00	100.00
SK hynix America Inc. (SKHYA)	U.S.A.	Overseas sales subsidiary	97.74	97.74
Hynix Semiconductor Manufacturing America Inc. (HSMA) ¹	U.S.A.	Discontinued subsidiary	-	100.00
SK hynix Deutschland GmbH (SKHYD)	Germany	Overseas sales subsidiary	100.00	100.00
SK hynix U.K. Ltd. (SKHYU)	U.K.	Overseas sales subsidiary	100.00	100.00
SK hynix Asia Pte. Ltd. (SKHYS)	Singapore	Overseas sales subsidiary	100.00	100.00
SK hynix Semiconductor India Private Ltd. (SKHYIS) ²	India	Overseas sales subsidiary	100.00	100.00
SK hynix Semiconductor Hong Kong Ltd. (SKHYH)	Hong Kong	Overseas sales subsidiary	100.00	100.00
SK hynix Semiconductor (Shanghai) Co., Ltd. (SKHYCS)	China	Overseas sales subsidiary	100.00	100.00
SK hynix Japan Inc. (SKHYJ)	Japan	Overseas sales subsidiary	100.00	100.00
SK hynix Semiconductor Taiwan Inc. (SKHYT)	Taiwan	Overseas sales subsidiary	100.00	100.00
SK hynix Semiconductor (China) Ltd. (SKHYCL)	China	Overseas manufacturing subsidiary	100.00	100.00
SK hynix Semiconductor (Wuxi) Ltd. (SKHYMC)	China	Overseas manufacturing subsidiary	100.00	100.00
SK hynix (Wuxi) Semiconductor Sales Ltd. (SKHYCW)	China	Overseas sales subsidiary	100.00	100.00
SK hynix Italy S.r.l (SKHYIT)	Italy	Overseas R&D center	100.00	100.00
SK hynix memory solutions Inc. (SKHMS)	U.S.A.	Overseas R&D center	100.00	100.00
SK hynix Flash Solution Taiwan (SKHYFST)	Taiwan	Overseas R&D center	100.00	100.00
SK APTECH Ltd. (SKAPTECH)	Hong Kong	Holding company	100.00	100.00
SK hynix Semiconductor (Chongqing) Ltd. (SKHYCQL) ³	China	Overseas manufacturing subsidiary	100.00	100.00
Softeq Flash Solutions LLC.(SOFTEQ)	Belarus	Overseas R&D center	100.00	100.00
SK hynix Ventures Hong Kong Limited (SKH Ventures) ⁴	Hong Kong	Overseas investment subsidiary	100.00	-
MMT (Money Market Trust)	Korea	Money Market Trust	100.00	100.00

¹ The liquidation process has been completed during the three-month period ended March 31, 2016.

² Subsidiary of SK hynix Asia Pte. Ltd.

³ Subsidiary of SK APTECH Ltd.

⁴ Newly established during the three-month period ended March 31, 2016.

(3) Changes in consolidated subsidiaries for the three-month period ended March 31, 2016 are as follows.

	Company	Reason
Included	SK hynix Ventures Hong Kong Limited (SKH Ventures)	Newly established
Excluded	Hynix Semiconductor Manufacturing America Inc. (HSMA)	Liquidated

SK HYNIX, INC. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2016 and 2015

(Unaudited)

1. Reporting Entity, Continued

(4) Major subsidiaries' summarized separate statements of financial position as of March 31, 2016 and December 31, 2015 are as follows:

(In millions of won)

	2016			2015		
	Assets	Liabilities	Equity	Assets	Liabilities	Equity
SK hynix America Inc. (SKHYA)	₩ 901,756	729,541	172,215	1,504,882	1,333,291	171,591
SK hynix Asia Pte. Ltd. (SKHYS)	265,791	186,814	78,977	269,286	190,155	79,131
SK hynix Semiconductor Hong Kong Ltd. (SKHYH)	586,023	487,650	98,373	529,095	431,074	98,021
SK hynix Japan Inc. (SKHYJ)	475,242	413,324	61,918	245,142	183,277	61,865
SK hynix Semiconductor Taiwan Inc. (SKHYT)	310,980	290,283	20,697	299,834	277,520	22,314
SK hynix Semiconductor (China) Ltd. (SKHYCL)	3,634,771	406,877	3,227,894	3,718,832	503,776	3,215,056
SK hynix Deutschland GmbH (SKHYD)	74,378	38,456	35,922	75,152	38,697	36,455
SK hynix U.K. Ltd. (SKHYU)	122,191	106,099	16,092	155,531	138,918	16,613
SK hynix Semiconductor (Chongqing) Ltd. (SKHYCQL)	366,441	184,733	181,708	406,552	224,672	181,880

(5) Major subsidiaries' summarized separate statements of comprehensive income (loss) for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won)

	2016			2015		
	Revenue	Profit (loss)	Total comprehensive income (loss)	Revenue	Profit (loss)	Total comprehensive income (loss)
SK hynix America Inc. (SKHYA)	₩ 985,818	3,470	3,470	2,003,272	(8,371)	(8,371)
SK hynix Asia Pte. Ltd. (SKHYS)	362,859	1,132	1,132	500,740	(155)	(155)
SK hynix Semiconductor Hong Kong Ltd. (SKHYH)	1,107,032	2,009	2,009	863,272	2,149	2,149
SK hynix Japan Inc. (SKHYJ)	166,677	(3,440)	(3,440)	241,383	(30)	(30)
SK hynix Semiconductor Taiwan Inc. (SKHYT)	405,460	(1,856)	(1,856)	523,805	1,093	1,093
SK hynix Semiconductor (China) Ltd. (SKHYCL)	552,252	27,904	27,904	509,418	48,354	48,354
SK hynix Deutschland GmbH (SKHYD)	85,224	(1,316)	(1,316)	135,088	912	912
SK hynix U.K. Ltd. (SKHYU)	128,181	(270)	(270)	187,393	488	488
SK hynix Semiconductor (Chongqing) Ltd. (SKHYCQL)	71,743	653	653	75,001	5,499	5,499

(6) There are no significant non-controlling interests to the Group as of March 31, 2016 and December 31, 2015.

SK HYNIX, INC. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2016 and 2015

(Unaudited)

2. Basis of Preparation

(1) Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with Korean International Financial Reporting Standards ("K-IFRS"), as prescribed in the Act on External Audits of Stock Companies.

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

(2) Use of estimates and judgments

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

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

3. Significant Accounting Policies

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

SK HYNIX, INC. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2016 and 2015
(Unaudited)

4. Geographic, Product and Customer Information

The Group has a single reportable segment that is engaged in the manufacture and sale of semiconductor products.

(1) Details of the Group's revenue for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won)

	2016	2015¹
Sale of goods	₩ 3,644,643	4,802,762
Sale of services	11,074	15,579
	<u>₩ 3,655,717</u>	<u>4,818,341</u>

¹ Revenues for the three-month period ended March 31, 2015 were reclassified to conform with the classification for the three-month period ended March 31, 2016.

(2) Details of the Group's revenue by product and service types for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won)

	2016	2015
DRAM	₩ 2,766,614	3,632,987
NAND Flash	778,961	1,044,841
Other	110,142	140,513
	<u>₩ 3,655,717</u>	<u>4,818,341</u>

(3) The Group's revenue information by region based on the location of selling entities for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won)

	2016	2015
Korea	₩ 284,541	293,056
China	1,251,547	952,884
Taiwan	403,648	518,553
Asia (other than China and Taiwan)	528,490	739,930
U.S.A.	974,281	1,993,696
Europe	213,210	320,222
	<u>₩ 3,655,717</u>	<u>4,818,341</u>

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4. Geographic, Product and Customer Information, Continued

(4) The Group's non-current assets (excluding financial assets, equity-accounted investees and deferred tax assets) information by region based on the location of subsidiaries as of March 31, 2016 and December 31, 2015 are as follows:

(In millions of won)

		<u>2016</u>	<u>2015</u>
Korea	₩	16,386,935	15,648,779
China		3,189,122	3,208,908
Taiwan		6,751	7,007
Asia (other than China and Taiwan)		881	770
U.S.A.		355,709	365,024
Europe		9,122	8,874
	₩	<u>19,948,520</u>	<u>19,239,362</u>

(5) There is no customer in which revenue constitutes more than 10% of the Group's consolidated revenue for the three-month period ended March 31, 2016. Revenues from customers "A" and "B" that each constitutes more than 10% of the Group's consolidated revenue for the three-month period ended March 31, 2015 amount to ₩874,758 million and ₩621,233 million, respectively.

5. Categories of Financial Instruments

(1) Categories of financial assets as of March 31, 2016 and December 31, 2015 are as follows:

(In millions of won)

	<u>2016</u>			
	<u>Financial assets at fair value through profit or loss</u>	<u>Available-for- sale financial assets</u>	<u>Loans and receivables</u>	<u>Total</u>
Cash and cash equivalents	₩ -	-	946,946	946,946
Short-term financial instruments	1,399,351	-	1,910,728	3,310,079
Trade receivables	-	-	2,266,364	2,266,364
Loans and other receivables	-	-	106,867	106,867
Other financial assets	-	-	429	429
Available-for-sale financial assets	-	137,589	-	137,589
	₩ <u>1,399,351</u>	<u>137,589</u>	<u>5,231,334</u>	<u>6,768,274</u>

(In millions of won)

	<u>2015</u>			
	<u>Financial assets at fair value through profit or loss</u>	<u>Available-for- sale financial assets</u>	<u>Loans and receivables</u>	<u>Total</u>
Cash and cash equivalents	₩ -	-	1,175,719	1,175,719
Short-term financial instruments	1,047,277	-	2,568,277	3,615,554
Trade receivables	-	-	2,628,448	2,628,448
Loans and other receivables	-	-	124,532	124,532
Other financial assets	-	-	430	430
Available-for-sale financial assets	-	131,354	-	131,354
	₩ <u>1,047,277</u>	<u>131,354</u>	<u>6,497,406</u>	<u>7,676,037</u>

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5. Categories of Financial Instruments, Continued

(2) Categories of financial liabilities as of March 31, 2016 and December 31, 2015 are as follows:

(In millions of won)

	2016		
	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortized cost	Total
Trade payables	₩ -	633,408	633,408
Other payables	-	1,696,391	1,696,391
Other non-trade payables ¹	-	474,315	474,315
Borrowings	-	4,381,352	4,381,352
Other financial liabilities	624	-	624
	₩ 624	7,185,466	7,186,090

(In millions of won)

	2015		
	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortized cost	Total
Trade payables	₩ -	791,373	791,373
Other payables	-	1,337,803	1,337,803
Other non-trade payables ¹	-	1,091,062	1,091,062
Borrowings	-	3,818,595	3,818,595
Other financial liabilities	683	-	683
	₩ 683	7,038,833	7,039,516

¹ Details of other non-trade payables as of March 31, 2016 and December 31, 2015 are as follows:

(In millions of won)

	2016	2015
Current		
Accrued expenses	₩ 400,269	1,001,171
Non-current		
Rent deposit payables	2,970	2,855
Long-term other payables	71,076	87,036
	74,046	89,891
	₩ 474,315	1,091,062

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6. Financial Risk Management

(1) Financial risk management

The Group's activities are exposed to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The interim financial statements do not include all the financial risk management policies and disclosures that are required in the annual financial statements.

There is no significant change in risk management policies for the three-month period ended March 31, 2016.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Euro and Japanese Yen. Foreign exchange risk arises from future commercial transactions; recognized assets and liabilities in foreign currencies; and net investments in foreign operations.

Monetary foreign currency assets and liabilities as of March 31, 2016 are as follows:

(In millions of won and millions of foreign currencies)

	Assets		Liabilities	
	Foreign currencies	Korean won equivalent	Foreign currencies	Korean won equivalent
USD	3,611	₩ 4,164,833	3,684	₩ 4,249,124
EUR	-	13	25	33,028
JPY	3,638	37,326	56,164	576,250

As of March 31, 2016, effects on profit before income tax as a result of change in exchange rate by 10% are as follows:

(In millions of won)

		<u>If increased by 10%</u>	<u>If decreased by 10%</u>
USD	₩	(8,429)	8,429
EUR		(3,302)	3,302
JPY		(53,892)	53,892

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6. Financial Risk Management, Continued

(1) Financial risk management, Continued

(ii) Price risk

As of March 31, 2016, there are no available-for-sale equity securities measured at fair value held by the Group. Accordingly, the Group is not exposed to any equity securities price risk.

(iii) Interest rate risk

Interest rate risk of the Group is defined as the risk that the interest expenses arising from borrowings will fluctuate because of changes in future market interest rate. The interest rate risk mainly arises through floating rate borrowings, and is partially offset by interests received from floating rate financial assets.

The Group manages its interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (primarily quarterly), the difference between interests of fixed rates and floating rates, which are calculated based on the agreed notional amounts.

As of March 31, 2016, the Group is partially exposed to the risk of fluctuation of net interest expenses arisen from change in interest rates. If interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, profit before income tax for the next three-month period would have been ₩5,185 million lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings and interest income on floating rate financial assets.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises mainly from operating and investing activities. In order to manage credit risk, the Group periodically evaluates the credit worthiness of each customer or counterparty through the analysis of its financial information, historical transaction records and other factors, and establishes credit limits for each customer or counterparty.

(i) Trade and other receivables

For each new customer, the Group individually analyzes its credit worthiness before standard payment and delivery terms and conditions are offered. In addition, the Group is consistently managing trade and other receivables by reevaluating the customer's credit worthiness and securing collaterals in order to limit its credit risk exposure.

The Group reviews at the end of each reporting period whether trade and other receivables are impaired and maintains credit insurance policies to manage credit risk exposure from oversea customers. The maximum exposure to credit risk as of March 31, 2016 is the carrying amount of trade and other receivables.

(ii) Other financial assets

Credit risk also arises from other financial assets such as cash and cash equivalents; short-term financial instruments; and deposits with banks and financial institutions as well as short-term and long-term loans mainly due to the bankruptcy of each counterparty to those financial assets. The maximum exposure to credit risk as of March 31, 2016 is the carrying amount of those financial assets. The Group transacts only with banks and financial institutions with high credit ratings, and accordingly management does not expect any loss from non-performance by the counterparties.

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6. Financial Risk Management, Continued

(1) Financial risk management, Continued

(c) Liquidity risk

Liquidity risk is defined as the risk that the Group is unable to meet its short-term payment obligations on time due to deterioration of its business performance or inability to access financing. The Group forecasts its cash flow and liquidity status and sets action plans on a regular basis to manage liquidity risk proactively.

The Group invests surplus cash in interest-bearing current accounts, time deposits, demand deposits, marketable available-for-sale securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

(2) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends to shareholders, proceeds and repayments of borrowings, issue new shares or sell assets to reduce debt.

The debt-to-equity ratio and net borrowing ratio as of March 31, 2016 and December 31, 2015 are as follows:

(In millions of won)

	2016	2015
Total liabilities (A)	₩ 8,332,966	8,290,203
Total equity (B)	21,464,689	21,387,703
Cash and cash equivalents and short-term financial instruments (C)	4,257,025	4,791,273
Total borrowings (D)	4,381,352	3,818,595
Debt-to-equity ratio (A/B)	39%	39%
Net borrowing ratio (D-C)/B	1%	-5%

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6. Financial Risk Management, Continued

(3) Fair value

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(a) The following table presents the carrying amounts and fair values of financial instruments by categories, including their levels in the fair value hierarchy, as of March 31, 2016 and December 31, 2015:

(In millions of won)

	Carrying amounts	2016			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value					
Short-term financial instruments	₩ 1,399,351	-	1,399,351	-	1,399,351
	<u>1,399,351</u>	<u>-</u>	<u>1,399,351</u>	<u>-</u>	<u>1,399,351</u>
Financial assets not measured at fair value					
Cash and cash equivalents ¹	946,946	-	-	-	-
Short-term financial instruments ¹	1,910,728	-	-	-	-
Trade receivables ¹	2,266,364	-	-	-	-
Loans and other receivables ¹	106,867	-	-	-	-
Other financial assets ¹	429	-	-	-	-
Available-for-sale financial assets ^{1,2}	137,589	-	-	-	-
	<u>5,368,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at fair value					
Other financial liabilities	624	-	624	-	624
	<u>624</u>	<u>-</u>	<u>624</u>	<u>-</u>	<u>624</u>
Financial liabilities not measured at fair value					
Trade payables ¹	633,408	-	-	-	-
Other payables ¹	1,696,391	-	-	-	-
Other non-trade payables ¹	474,315	-	-	-	-
Borrowings	4,381,352	-	4,440,284	-	4,440,284
	<u>₩ 7,185,466</u>	<u>-</u>	<u>4,440,284</u>	<u>-</u>	<u>4,440,284</u>

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6. Financial Risk Management, Continued

(In millions of won)

	Carrying amounts	2015			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Short-term financial instruments	₩ 1,047,277	-	1,047,277	-	1,047,277
	<u>1,047,277</u>	<u>-</u>	<u>1,047,277</u>	<u>-</u>	<u>1,047,277</u>
Financial assets not measured at fair value					
Cash and cash equivalents ¹	1,175,719	-	-	-	-
Short-term financial instruments ¹	2,568,277	-	-	-	-
Trade receivables ¹	2,628,448	-	-	-	-
Loans and other receivables ¹	124,532	-	-	-	-
Other financial assets ¹	430	-	-	-	-
Available-for-sale financial assets ^{1,2}	131,354	-	-	-	-
	<u>6,628,760</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at fair value					
Other financial liabilities	683	-	683	-	683
	<u>683</u>	<u>-</u>	<u>683</u>	<u>-</u>	<u>683</u>
Financial liabilities not measured at fair value					
Trade payables ¹	791,373	-	-	-	-
Other payables ¹	1,337,803	-	-	-	-
Other non-trade payables ¹	1,091,062	-	-	-	-
Borrowings	3,818,595	-	3,869,536	-	3,869,536
	₩ <u>7,038,833</u>	<u>-</u>	<u>3,869,536</u>	<u>-</u>	<u>3,869,536</u>

¹ Does not include fair values of financial assets and liabilities of which fair values have not been measured as carrying amounts are close to the reasonable approximation of fair values.

² 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 No. 1039, 'Financial Instrument: Recognition and Measurement' as fair values of such equity instruments cannot be reliably measured using other methods.

(b) The valuation techniques used to measure financial instruments with fair value level 2 are the same as those applied by the Group in its consolidated financial statements as of and for the year ended December 31, 2015.

(c) There was no transfer between fair value hierarchy levels for the three-month period ended March 31, 2016.

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7. Restricted Financial Instruments

Details of restricted financial instruments as of March 31, 2016 and December 31, 2015 are as follows:

(In millions of won)

	2016	2015	Description
Short-term financial instruments	₩ 77,500	77,500	Restricted for supporting small businesses
	-	22,190	Pledged for borrowings
	6,156	5,832	Pledged for consumption tax
	2,801	2,843	Deposit for import duties
	<u>86,457</u>	<u>108,365</u>	
Other financial assets	308	308	Pledged for borrowings
	12	12	Bank overdraft guarantee deposit
	109	110	Others
	<u>429</u>	<u>430</u>	
	<u>₩ 86,886</u>	<u>108,795</u>	

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8. Trade Receivables and Loans and Other Receivables

(1) Details of loans and other receivables as of March 31, 2016 and December 31, 2015 are as follows:

(In millions of won)

	<u>2016</u>	<u>2015</u>
Current		
Other receivables	₩ 21,702	37,427
Accrued income	16,780	18,126
Short-term loans	3,803	3,786
Short-term guarantee and other deposits	1,106	2,274
	<u>43,391</u>	<u>61,613</u>
Non-current		
Long-term other receivables	22,526	22,921
Long-term loans	5,693	6,104
Guarantee deposits	35,004	33,637
Long-term deposits	253	257
	<u>63,476</u>	<u>62,919</u>
	<u>₩ 106,867</u>	<u>124,532</u>

(2) Trade receivables and loans and other receivables, net of provision for impairment, as of March 31, 2016 and December 31, 2015 are as follows:

(In millions of won)

	2016		
	<u>Gross amount</u>	<u>Provision for impairment</u>	<u>Carrying amount</u>
Trade receivables	₩ 2,268,825	(2,461)	2,266,364
Current loans and other receivables	44,823	(1,432)	43,391
Non-current loans and other receivables	69,616	(6,140)	63,476
	<u>₩ 2,383,264</u>	<u>(10,033)</u>	<u>2,373,231</u>

(In millions of won)

	2015		
	<u>Gross amount</u>	<u>Provision for impairment</u>	<u>Carrying amount</u>
Trade receivables	₩ 2,631,422	(2,974)	2,628,448
Current loans and other receivables	63,046	(1,433)	61,613
Non-current loans and other receivables	69,062	(6,143)	62,919
	<u>₩ 2,763,530</u>	<u>(10,550)</u>	<u>2,752,980</u>

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8. Trade Receivables and Loans and Other Receivables, Continued

(3) Details of provision for impairment

Movements in the provision for impairment of trade receivables for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won)

	2016	2015
Beginning balance	₩ 2,974	2,919
Unused amounts reversed	(522)	(335)
Foreign exchange difference	9	(86)
Ending balance	₩ 2,461	2,498

Movements in the provision for impairment of current loans and other receivables for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won)

	2016	2015
Beginning balance	₩ 1,433	1,668
Unused amounts reversed	(1)	(238)
Foreign exchange difference	-	(1)
Ending balance	₩ 1,432	1,429

Movements in the provision for impairment of non-current loans and other receivables for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won)

	2016	2015
Beginning balance	₩ 6,143	6,034
Provision for receivables impairment	13	43
Foreign exchange difference	(16)	-
Ending balance	₩ 6,140	6,077

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9. Inventories

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

(In millions of won)

	2016		
	Acquisition cost	Inventory valuation allowance	Carrying amount
Finished goods	₩ 907,383	(57,021)	850,362
Work-in-process	962,964	(116,049)	846,915
Raw materials	263,010	(5,773)	257,237
Supplies	182,694	(41)	182,653
Goods in transit	56,741	-	56,741
	₩ <u>2,372,792</u>	<u>(178,884)</u>	<u>2,193,908</u>

(In millions of won)

	2015		
	Acquisition cost	Inventory valuation allowance	Carrying amount
Finished goods	₩ 667,060	(53,678)	613,382
Work-in-process	979,115	(130,916)	848,199
Raw materials	226,371	(3,629)	222,742
Supplies	164,179	(23)	164,156
Goods in transit	74,897	-	74,897
	₩ <u>2,111,622</u>	<u>(188,246)</u>	<u>1,923,376</u>

10. Non-current assets held for sale

Changes in non-current assets held for sale for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won)

	2016	2015
Beginning balance	₩ -	27,661
Foreign exchange difference	-	146
Ending balance	₩ <u>-</u>	<u>27,807</u>

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11. Other Current and Non-current Assets

Details of other current and non-current assets as of March 31, 2016 and December 31, 2015 are as follows:

(In millions of won)

		<u>2016</u>	<u>2015</u>
Current			
Advance payments	₩	9,615	2,033
Prepaid expenses		244,079	212,766
Value added tax refundable		138,882	131,673
Others		9,476	7,454
		<u>402,052</u>	<u>353,926</u>
Non-current			
Long-term prepaid expenses		537,874	558,058
Others		5,980	7,475
		<u>543,854</u>	<u>565,533</u>
	₩	<u>945,906</u>	<u>919,459</u>

12. Investments in Associates and Joint Ventures

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

(In millions of won)

Type	Investee	Ownership (%) in 2016	2016		2015
			Net asset value	Carrying amount	Carrying amount
Associate	Stratio, Inc.	9.10	₩ 146	2,146	2,171
	Gemini Partners Pte. Ltd.	20.00	6,421	8,115	7,976
	TCL Fund ¹	11.06	1,136	1,088	-
Joint venture	HITECH Semiconductor (Wuxi) Co., Ltd. (HITECH)	45.00	113,806	113,806	112,462
			<u>₩ 121,509</u>	<u>125,155</u>	<u>122,609</u>

¹ During the three-month period ended March 31, 2016, the Parent Company acquired 11.06% of shares of TCL Fund. TCL Fund is classified as an associate because the Parent Company has significant influence over TCL Fund's financial and operating policies through its right to appoint a member of the board of directors.

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12. Investments in Associates and Joint Ventures, Continued

(2) Changes in investments in associates and a joint venture for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won)

		2016				Ending balance
		Beginning balance	Acquisition	Share of profit (loss)	Other equity movement	
₩	Stratio, Inc.	2,171	-	(21)	(4)	2,146
	Gemini Partners Pte. Ltd.	7,976	-	(149)	288	8,115
	TCL Fund	-	1,136	-	(48)	1,088
	HITECH Semiconductor (Wuxi) Co., Ltd. (HITECH)	112,462	-	3,241	(1,897)	113,806
₩		<u>122,609</u>	<u>1,136</u>	<u>3,071</u>	<u>(1,661)</u>	<u>125,155</u>

(In millions of won)

		2015				Ending balance
		Beginning balance	Acquisition	Share of profit (loss)	Other equity movement	
₩	Stratio, Inc.	-	2,194	-	1	2,195
	HITECH Semiconductor (Wuxi) Co., Ltd. (HITECH)	97,090	-	5,695	565	103,350
₩		<u>97,090</u>	<u>2,194</u>	<u>5,695</u>	<u>566</u>	<u>105,545</u>

(3) Associates and a joint venture' summarized statements of financial position as of March 31, 2016 and December 31, 2015 are as follows:

(In millions of won)

		2016			
		Current assets	Non-current assets	Current liabilities	Non-current liabilities
₩	Stratio, Inc.	1,138	671	204	-
	Gemini Partners Pte. Ltd.	26,395	5,766	59	-
	TCL Fund	26,262	1,858	17,835	-
	HITECH Semiconductor (Wuxi) Co., Ltd. (HITECH)	279,252	300,339	68,137	258,555

(In millions of won)

		2015			
		Current assets	Non-current assets	Current liabilities	Non-current liabilities
₩	Stratio, Inc.	962	921	-	1
	Gemini Partners Pte. Ltd.	27,762	14,694	3,444	7,867
	HITECH Semiconductor (Wuxi) Co., Ltd. (HITECH)	270,959	314,464	89,034	246,478

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12. Investments in Associates and Joint Ventures, Continued

(4) Associates and a joint venture's summarized statements of comprehensive income (loss) for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won)

	2016		2015	
	Revenue	Profit (loss) for the period	Revenue	Profit for the period
Stratio, Inc.	₩ -	(235)	-	-
Gemini Partners Pte. Ltd	-	(747)	-	-
TCL Fund	-	-	-	-
HITECH Semiconductor (Wuxi) Co., Ltd. (HITECH)	157,398	7,204	173,820	12,654

13. Available-for-sale Financial Assets

Changes in the carrying amount of available-for-sale financial assets for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won)

	2016	2015
Beginning balance	₩ 131,354	127,314
Acquisition	7,447	-
Disposal	(1,212)	(531)
Ending balance	₩ 137,589	126,783

14. Property, Plant and Equipment

(1) Changes in property, plant and equipment for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won)

	2016	2015
Beginning balance	₩ 16,966,252	14,090,334
Acquisition	1,706,182	1,921,581
Disposal	(5,509)	(4,905)
Depreciation	(984,472)	(880,164)
Impairment	-	(2)
Foreign exchange difference and other	(15,954)	20,991
Ending balance	₩ 17,666,499	15,147,835

(2) Certain property, plant and equipment are pledged as collaterals for borrowings of the Group as of March 31, 2016 (Note 32).

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14. Property, Plant and Equipment, Continued

(3) Finance lease and operating lease

The Group leases certain machinery and others from ME Semiconductor Rental First L.L.C. and other under finance lease agreements.

The book value of the machinery and others subject to finance lease agreement amounted to ₩120,340 million as of March 31, 2016 (as of December 31, 2015: ₩136,134 million). The machinery and others are pledged as collateral for the finance lease liabilities.

15. Intangible Assets

Changes in intangible assets for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won)

	2016	2015
Beginning balance	₩ 1,704,896	1,336,680
Acquisition	129,651	125,580
Disposal	(1,222)	(2,007)
Amortization	(94,168)	(61,682)
Impairment	-	(56)
Foreign exchange difference and other	(3,643)	2,751
Ending balance	<u>₩ 1,735,514</u>	<u>1,401,266</u>

(2) Among costs associated with development activities, ₩80,036 million that met capitalization criteria, were capitalized as development cost for the three-month period ended March 31, 2016 (2015: ₩79,692 million). In addition, costs associated with research activities and other development expenditures that did not meet the criteria and amounted to ₩420,742 million were recognized as expenses for the three-month period ended March 31, 2016 (2015: ₩392,067 million).

16. Investment Property

(1) Changes in investment property for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won)

	2016	2015
Beginning balance	₩ 2,679	28,456
Depreciation	(26)	(330)
Ending balance	<u>₩ 2,653</u>	<u>28,126</u>

(2) The depreciation expense of ₩26 million was charged to cost of sales for the three-month period ended March 31, 2016 (2015: ₩330 million).

(3) Rental income from investment property during the three-month period ended March 31, 2016 was ₩127 million (2015: ₩1,132 million).

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17. Borrowings

(1) Details of borrowings as of March 31, 2016 and December 31, 2015 are as follows:

(In millions of won)

	2016	2015
Current		
Short-term borrowings	₩ 144,051	147,948
Current installments of long-term borrowings	427,237	465,561
Current installments of debentures	399,966	399,863
	<u>971,254</u>	<u>1,013,372</u>
Non-current		
Long-term borrowings	1,789,856	1,512,003
Debentures	1,620,242	1,293,220
	<u>3,410,098</u>	<u>2,805,223</u>
	<u>₩ 4,381,352</u>	<u>3,818,595</u>

(2) Changes in borrowings for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won)

	2016	2015
Beginning balance	₩ 3,818,595	4,174,759
Borrowings	1,421,133	883,054
Repayments	(805,979)	(1,490,383)
Other ¹	(52,397)	4,813
Ending balance	<u>₩ 4,381,352</u>	<u>3,572,243</u>

¹ Effect of changes in foreign exchange rates and unwinding of discounts are included.

18. Other Current and Non-current Liabilities

Details of other current and non-current liabilities as of March 31, 2016 and December 31, 2015 are as follows:

(In millions of won)

	2016	2015
Current		
Advance receipts	₩ 2,691	2,867
Unearned income	337	374
Withholdings	38,323	35,938
Deposits received	1,520	1,256
Others	2,665	4,008
	<u>45,536</u>	<u>44,443</u>
Non-current		
Other long-term employee benefits	61,216	61,149
	<u>₩ 106,752</u>	<u>105,592</u>

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19. Provisions

(1) Changes in provisions for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won)

	2016				
	Beginning Balance	Increase	Utilization	Others¹	Ending Balance
Warranty	₩ 2,936	55	(80)	(3)	2,908
Sales returns	14,736	7,847	(9,499)	-	13,084
Legal claims	1,523	-	-	(24)	1,499
Emission allowances	6,081	4,279	-	-	10,360
	₩ 25,276	12,181	(9,579)	(27)	27,851

¹ Others include foreign exchange rate differences.

(In millions of won)

	2015			
	Beginning Balance	Increase	Utilization	Ending Balance
Warranty	₩ 6,886	215	(967)	6,134
Sales returns	14,646	8,557	(7,100)	16,103
Legal claims	4,400	-	-	4,400
Emission allowances ¹	-	846	-	846
	₩ 25,932	9,618	(8,067)	27,483

¹ Emission allowances as of March 31, 2015 was reclassified from other current liabilities to provisions

(2) Provisions for warranty

The Group estimates the expected warranty costs based on historical results and records provisions for warranty.

(3) Provisions for sales returns

The Group estimates the expected sales returns based on historical results and adjusts sales and cost of sales, respectively. Accordingly, related gross profit and estimated expenses related to the return (such as transportation costs) are recorded as provisions for sales returns.

(4) Provisions for legal claims

The Group recognizes provisions for legal claims when the Group has a present legal or constructive obligation as a result of past events and an outflow of resources required to settle the obligation is probable and the amount can be reliably estimated.

(5) Provision for emission allowances

The Group recognizes estimated future payment for the number of emission certificates required to settle the Group's obligation exceeding the actual number of certificates on hand as emission allowances according to the Act on Allocation and Trading of Greenhouse Gas Emission Permits.

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20. Defined Benefit Liabilities

(1) Details of defined benefit liabilities as of March 31, 2016 and December 31, 2015 are as follows:

(In millions of won)

	2016	2015
Present value of defined benefit obligations	₩ 1,093,742	1,055,340
Fair value of plan assets	(565,311)	(570,363)
	<u>₩ 528,431</u>	<u>484,977</u>

(2) Principal actuarial assumptions as of March 31, 2016 and December 31, 2015 are as follows:

	2016	2015
Discount rate for defined benefit obligations	2.89% ~ 4.10%	2.89% ~ 4.10%
Expected rate of salary increase	2.20% ~ 5.52%	2.20% ~ 5.52%

(3) Changes in defined benefit obligations for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won)

	2016	2015
Beginning balance	₩ 1,055,340	887,277
Current service cost	38,152	33,557
Interest cost	10,384	9,822
Transferred from associates	134	219
Benefits paid	(10,302)	(7,322)
Others	34	(38)
Ending balance	<u>₩ 1,093,742</u>	<u>923,515</u>

(4) Changes in plan assets for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won)

	2016	2015
Beginning balance	₩ 570,363	421,927
Interest income	5,589	4,641
Contributions	57	15
Transferred from associates	134	41
Benefits paid	(8,708)	(8,285)
Remeasurements	(2,124)	(1,616)
Ending balance	<u>₩ 565,311</u>	<u>416,723</u>

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20. Defined Benefit Liabilities, Continued

(5) The amounts recognized in profit or loss for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won)

	<u>2016</u>	<u>2015</u>
Current service cost	₩ 38,152	33,557
Net interest cost	4,795	5,181
	<u>₩ 42,947</u>	<u>38,738</u>

(6) Details of plan assets as of March 31, 2016 and December 31, 2015 are as follows:

(In millions of won)

	<u>2016</u>	<u>2015</u>
Deposits	₩ 563,775	568,790
Other	1,536	1,573
	<u>₩ 565,311</u>	<u>570,363</u>

Actual return on plan assets for the three-month periods ended March 31, 2016 and 2015 amounted to ₩3,465 million and ₩3,025 million, respectively.

21. Derivative Financial Instruments

(1) Details of derivative financial liabilities as of March 31, 2016 and December 31, 2015 are as follows:

(In millions of won)

	<u>2016</u>	<u>2015</u>
Non-current		
Interest rates swap	₩ 624	683

(2) Details of gains and losses from derivative instruments for the three-month periods ended March 31, 2016 and 2015 are follows:

(In millions of won)

	<u>2016</u>			
	<u>Gain on valuation</u>	<u>Loss on valuation</u>	<u>Gain on transaction</u>	<u>Loss on transaction</u>
Interest rates swap	₩ 59	-	287	406

(In millions of won)

	<u>2015</u>			
	<u>Gain on valuation</u>	<u>Loss on valuation</u>	<u>Gain on transaction</u>	<u>Loss on transaction</u>
Interest rates swap	-	247	560	638

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22. Capital Stock, Capital Surplus and Other Equity

(1) Details of capital stock, capital surplus and other equity as of March 31, 2016 and December 31, 2015 are as follows:

(In millions of won and thousands of shares)

	2016	2015
Authorized shares	9,000,000	9,000,000
Issued shares ¹	731,530	731,530
Capital stock:		
Common stock	₩ 3,657,652	3,657,652
Capital surplus:		
Additional paid-in capital	3,625,797	3,625,797
Consideration for conversion rights	42,928	42,928
Others	475,011	475,011
	₩ <u>4,143,736</u>	<u>4,143,736</u>
Other equity:		
Acquisition cost of treasury shares	(771,913)	(771,913)
Number of treasury shares	22,001	22,001

¹ As of March 31, 2016, the number of outstanding shares is 728,002 thousand shares, which differs from total issued shares due to the result of stock retirement.

(2) Changes in the number of outstanding shares for the three-month period ended March 31, 2016 and for the year ended December 31, 2015 are as follows:

(In thousands of shares)

	2016	2015
Beginning	706,002	728,002
Acquisition of treasury shares	-	(22,000)
Ending	<u>706,002</u>	<u>706,002</u>

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23. Accumulated Other Comprehensive Loss

(1) Details of accumulated other comprehensive loss as of March 31, 2016 and December 31, 2015 are as follows:

(In millions of won)

	<u>2016</u>	<u>2015</u>
Equity-accounted investees – share of other comprehensive income	₩ 195	1,856
Foreign operations – foreign currency translation differences	(16,806)	(3,456)
	<u>₩ (16,611)</u>	<u>(1,600)</u>

(2) Changes in accumulated other comprehensive loss for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won)

	<u>2016</u>		
	<u>Beginning</u>	<u>Change</u>	<u>Ending</u>
Equity-accounted investees – share of other comprehensive income	₩ 1,856	(1,661)	195
Foreign operations – foreign currency translation differences	(3,456)	(13,350)	(16,806)
	<u>₩ (1,600)</u>	<u>(15,011)</u>	<u>(16,611)</u>

(In millions of won)

	<u>2015</u>		
	<u>Beginning</u>	<u>Change</u>	<u>Ending</u>
Equity-accounted investees – share of other comprehensive loss	₩ (4,631)	566	(4,065)
Foreign operations – foreign currency translation differences	(37,184)	13,492	(23,692)
	<u>₩ (41,815)</u>	<u>14,058</u>	<u>(27,757)</u>

24. Retained Earnings

Retained earnings as of March 31, 2016 and December 31, 2015 are as follows:

(In millions of won)

	<u>2016</u>	<u>2015</u>
Legal reserve ¹	₩ 65,994	30,694
Discretionary reserve ²	235,506	235,506
Unappropriated retained earnings ³	14,146,557	14,092,788
	<u>₩ 14,448,057</u>	<u>14,358,988</u>

¹ The Commercial Code of the Republic of Korea requires the Company to appropriate for each financial period, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued capital stock. The reserve is not available for cash dividends payment, but may be transferred to capital stock or used to reduce accumulated deficit.

² Discretionary reserve is the reserve for technology development.

³ Dividends in the amount of ₩353,001 million were approved at shareholders' meeting held on March 18, 2016, and dividends payables are included in other payables as of March 31, 2016.

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25. Selling and Administrative Expenses

Selling and administrative expenses for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won)

	2016	2015
Salaries	₩ 82,993	99,591
Defined benefit plan	8,066	6,184
Employee benefits	22,165	18,863
Commission	55,181	37,718
Depreciation	22,695	19,995
Amortization	85,239	57,991
Research and development	420,742	392,067
Freight and custody charge	7,473	10,190
Legal cost	1,737	1,002
Rental	3,860	5,800
Taxes and dues	4,780	4,360
Training	4,448	7,235
Sales promotional	8,146	10,037
Utility	3,863	3,264
Supplies	9,793	13,503
Repair	1,635	1,559
Other	13,431	10,503
	<u>₩ 756,247</u>	<u>699,862</u>

26. Expenses by Nature

Nature of expenses for the three-month periods ended March 31, 2016 and 2015 is as follows:

(In millions of won)

	2016	2015²
Changes in finished goods and work-in-process	₩ (235,696)	(16,258)
Raw materials and consumables	783,550	763,009
Labor costs	574,445	640,701
Depreciation and amortization	1,065,864	927,954
Royalty	58,074	45,349
Commission	223,127	167,238
Utilities	184,187	163,016
Repair	133,293	156,065
Outsourcing	202,642	264,583
Other	104,433	118,154
Total ¹	<u>₩ 3,093,919</u>	<u>3,229,811</u>

¹ Total expenses consist of cost of sales and selling and administrative expenses.

² Expenses for the three-month periods ended March 31, 2015 were reclassified to conform with the classification for the three-month periods ended March 31, 2016.

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27. Finance Income and Expenses

Finance income and expenses for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won)

	<u>2016</u>	<u>2015</u>
Finance income		
Interest income	₩ 11,605	8,964
Dividend income	18	995
Gains on disposal of financial assets at fair value through profit or loss	4,792	13,424
Foreign exchange differences	282,096	176,172
Gain from derivative instruments	346	560
Gain on valuation of financial assets at fair value through profit or loss	1,862	487
	<u>300,719</u>	<u>200,602</u>
Finance expenses		
Interest expenses	33,669	26,011
Foreign exchange differences	258,389	152,226
Loss from derivative instruments	406	885
	<u>292,464</u>	<u>179,122</u>
Net finance income	₩ <u>8,255</u>	<u>21,480</u>

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28. Other Income and Expenses

(1) Other income for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won)

	<u>2016</u>	<u>2015</u>
Gain on disposal of property, plant and equipment	₩ 698	-
Other	6,278	5,422
	<u>₩ 6,976</u>	<u>5,422</u>

(2) Other expenses for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won)

	<u>2016</u>	<u>2015</u>
Loss on disposal of property, plant and equipment	₩ 3,771	85
Loss on disposal of intangible assets	984	1,852
Donation	212	12,364
Loss on disposal of trade receivables	315	318
Loss on impairment of property, plant and equipment	-	2
Loss on impairment of intangible assets	-	56
Other	16,828	4,370
	<u>₩ 22,110</u>	<u>19,047</u>

29. Income Tax Expense

Income tax expense is recognized based on management's best estimate of the annual effective income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period. Income tax expense includes current tax expense adjustments related to prior periods.

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30. Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Parent Company by the weighted average number of outstanding ordinary shares during the three-month periods.

(1) Basic earnings per share for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won, except for shares and per share amounts)

	2016	2015
Profit attributable to ordinary shareholders of the Parent Company	₩ 444,194	1,295,730
Weighted average number of outstanding ordinary shares ¹	706,001,795	728,001,795
Basic earnings per share	₩ 629	1,780

¹ Weighted average number of outstanding ordinary shares is calculated as follows:

(In shares)

	2016	2015
Outstanding ordinary shares	728,002,365	728,002,365
Acquisition of treasury shares	(22,000,570)	(570)
Weighted average number of outstanding ordinary shares	<u>706,001,795</u>	<u>728,001,795</u>

(2) There is no potential ordinary shares with dilutive effect during the three-month periods ended March 31, 2016 and 2015. Accordingly, diluted earnings per share for the three-month periods ended March 31, 2016 and 2015 are the same as basic earnings per share.

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31. Related Party Transactions

(1) Details of related parties as of March 31, 2016 are as follows:

Type	Name of related parties
Associate	Stratio, Inc., Gemini Partners Pte. Ltd., TCL Fund
Joint venture	HITECH Semiconductor (Wuxi) Co., Ltd.
Other related parties	SK Telecom Co., Ltd., which has significant influence over the Group, SK Holdings Co., Ltd., which has control over SK Telecom Co., Ltd., and their subsidiaries

(2) Significant transactions for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won)

		2016		
Company		Operating revenue and others	Operating expense and others	Asset acquisition
Joint venture	HITECH Semiconductor (Wuxi) Co., Ltd.	₩ 175	157,437	18,567
Other related parties	SK Telecom Co., Ltd. ¹	9	75,094	640
	SK Holdings Co., Ltd. ²	75	23,746	31,076
	ESSEN CORE Limited	107,337	-	-
	SK Engineering & Construction Co., Ltd.	102	11,401	19,222
	SK Energy Co., Ltd.	1,216	20,077	-
	SK Networks Co., Ltd.	-	957	-
	SK Materials Co., Ltd.	-	10,477	-
	SKC solmics Co., Ltd.	-	8,076	102
	Chungcheong energy service Co., Ltd.	-	9,228	-
	HAPPYNARAE Co., Ltd.	3	19,289	1,480
Others	78	35,386	740	
		₩ 108,995	371,168	71,827

¹ Operating expense and others include dividends of ₩73,050 million (2015: ₩43,830 million).

² The Group entered into a contract with SK Holdings Co., Ltd. under which the Group pays royalty for the use of SK brand in proportion to sales amount. For the three-month period ended March 31, 2016, royalty on the use of the SK brand amounted to ₩8,749 million (2015: ₩7,193 million).

(In millions of won)

		2015		
Company		Operating revenue and others	Operating expense and others	Asset acquisition
Joint venture	HITECH Semiconductor(Wuxi) Co., Ltd.	₩ 515	174,429	-
Other related parties	SK Telecom Co., Ltd.	5	46,561	253
	SK Holdings Co., Ltd. ¹	-	9,524	-
	SK Engineering & Construction Co., Ltd.	62	54	387,008
	SK Energy Co., Ltd.	1,339	18,614	-
	SK Networks Co., Ltd.	-	716	-
	Ko-one energy service Co., Ltd.	-	1,018	-
	SKC solmics Co., Ltd.	-	8,131	35
	Chungcheong energy service Co., Ltd.	-	10,989	-
	HAPPYNARAE Co., Ltd.	7	15,066	408
	Others	74	9,310	2,717
		₩ 2,002	294,412	390,421

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31. Related Party Transactions, Continued

(3) The balances from significant transactions as of March 31, 2016 and December 31, 2015 are as follows:

(In millions of won)

		2016		
	Company	Trade receivables and others	Other payables and others	
Joint venture	HITECH Semiconductor (Wuxi) Co., Ltd.(HITECH) ¹	₩ -	96,042	
Other related parties	SK Telecom Co., Ltd.	-	74,291	
	SK Holdings Co., Ltd.	23	71,597	
	ESSENCORE Limited	51,261	-	
	SK Engineering & Construction Co., Ltd.	45	157,496	
	SK Energy Co., Ltd.	254	5,037	
	SK Networks Co., Ltd.	-	215	
	Ko-one energy service Co., Ltd.	-	8,675	
	SKC solmics Co., Ltd.	-	8,240	
	Chungcheong energy service Co., Ltd.	-	1,655	
	HAPPYNARAE Co., Ltd.	1	11,550	
	Others	13	13,809	
			₩ <u>51,597</u>	<u>448,607</u>

¹ Other payables and others include dividends payables of ₩73,050 million.

(In millions of won)

		2015	
	Company	Trade receivables and others	Other payables and others
Joint venture	HITECH Semiconductor (Wuxi) Co., Ltd.(HITECH) ¹	₩ 15,628	108,519
Other related parties	SK Telecom Co., Ltd.	155	2,797
	SK Holdings Co., Ltd.	103	98,798
	ESSENCORE Limited	142	-
	SK Engineering & Construction Co., Ltd.	1,049	236,875
	SK Energy Co., Ltd.	474	5,962
	SK Networks Co., Ltd.	-	954
	SKC solmics Co., Ltd.	-	9,544
	Chungcheong energy service Co., Ltd.	-	1,425
	HAPPYNARAE Co., Ltd.	275	24,148
	Others	102	29,339
			₩ <u>17,928</u>

¹ The Parent Company repaid remaining balance of borrowings from HITECH Semiconductor(Wuxi) Co., Ltd. in the amount of ₩22,552 million for the year ended December 31, 2015.

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31. Related Party Transactions, Continued

(4) Key management compensation

Key management includes directors, members of the board of directors, chief financial officer and internal auditors of the Parent Company. The compensation paid to key management for employee services for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won)

	2016	2015
Salaries	₩ 16,603	15,860
Defined benefit plan	2,059	1,690
Others	3	4
	<u>₩ 18,665</u>	<u>17,554</u>

32. Commitments and Contingencies

(1) Patent infringement claims and litigations

The Group is involved in various alleged patent infringement claims and litigations. No provisions have been made as the final outcome of these matters cannot be determined or predicted given that these claims and litigation are at their the early stage as of March 31, 2016.

(2) Technology and patent license agreements

The Group has entered into a number of patent license agreements with several companies. The related royalties are paid in a lump-sum or running basis in accordance with the respective agreements. The lump-sum royalties are expensed over the contract period using the straight-line method.

(3) Contract for supply of industrial water

The Group has entered into a contract with Veolia Water Industrial Development Co., Ltd. ("VWID") under which the Group purchases industrial water by March 2018. According to the contract, the Group is obligated to pay base service charges which are predetermined and additional service charges which are variable according to the amount of water used.

(4) Post- process service contract with HITECH

The Group has entered into an agreement with HITECH to be provided with post-process service by HITECH. The conditions of the service provided includes package, package test, modules and others. According to the agreement, the Group is liable to guarantee a certain level of margin to HITECH.

(5) Assets provided as collateral

Details of assets provided as collateral as of March 31, 2016 are as follows:

(In millions of won)

	Book value	Pledged amount	Remark
Land	₩ 45,380		
Buildings	98,850	1,549,832	Borrowings for equipment and others
Machinery	797,611		
	<u>₩ 941,841</u>	<u>1,549,832</u>	

Other than the above assets provided as collateral, the finance lease assets of the Group are pledged as collateral for the finance lease liabilities in accordance with finance lease contracts.

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32. Commitments and Contingencies, Continued

(6) Financing agreements

Details of credit lines with financial institutions as of March 31, 2016 are as follows:

(In millions of won and millions of foreign currencies)

	Financial Institution	Commitment	Currency	Amount
The Parent Company	Shinhan Bank and others	Import finance including usance	USD	200
		Export finance including bills bought	USD	350
		Comprehensive limit contract for import and export	USD	1,255
SK hynix Semiconductor (China) Ltd. (SKHYCL)	Agricultural Bank of China and others	Import finance including usance	RMB	1,895
			USD	929
SK hynix America Inc. (SKHYA) and other sales entities	Citibank and others	Accounts receivable factoring contracts which have no right to recourse	USD	91
Domestic subsidiaries	KEB Hana Bank and others	Export finance including bills bought	KRW	5,000
		Guarantee	KRW	2,000
		Foreign currency forward	USD	1
		Finance secured by accounts receivable	KRW	30,000

The Group has entered into trade receivables discounting agreements with several financial institutions. There are outstanding trade receivables discounted corresponding to ₩540 million as of March 31, 2016 (as of December 31, 2015: ₩3,076 million). The Group is obliged to redeem discounted receivables to financial institutions in case of the default of the counterparties and, accordingly, accounted for the above transactions as collateralized borrowings.

(7) Details of guarantees provided to others as of March 31, 2016 are as follows:

(In millions of won)

	Amount	Remark
Employees	₩ 8	Guarantees for employees' borrowings relating to employee stock ownership

(8) Capital commitments

As of March 31, 2016, the Group has ₩382,484 million (as of December 31, 2015: ₩300,041 million) of commitments in relation to the capital expenditures on property, plant and equipment.

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33. Cash Generated from Operating Activities

(1) Reconciliations between profit and net cash inflow from operating activities for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won)

	2016	2015
Profit for the period	₩ 448,026	1,295,456
Adjustment		
Income tax expense	109,964	306,624
Defined benefit plan	42,947	38,738
Depreciation of property, plant and equipment	984,472	880,164
Depreciation of investment property	26	330
Amortization	94,168	61,682
Loss on foreign currency translation	128,106	46,997
Loss on impairment of property, plant and equipment	-	2
Interest expense	33,669	26,011
Gain on foreign currency translation	(117,009)	(51,535)
Interest income	(11,605)	(8,964)
Loss on derivative instruments, net	60	325
Gain on equity method investments, net	(3,071)	(5,695)
Others, net	(1,612)	(11,357)
Changes in operating assets and liabilities		
Decrease in trade receivables	271,712	476,469
Decrease in loans and other receivables	21,701	580,064
Increase in inventories	(267,304)	(63,545)
Increase in other assets	(27,772)	(182,771)
Decrease in trade payables	(121,292)	(109,443)
Decrease in other payables	(54,142)	(45,025)
Decrease in other non-trade payables	(596,890)	(433,257)
Increase (decrease) in provisions	2,599	(659)
Increase (decrease) in other liabilities	1,326	(31,241)
Contributions to plan assets	(57)	(12)
Payment of defined benefit liabilities	(8,874)	(2,758)
Cash generated from operating activities	₩ <u>929,148</u>	<u>2,766,600</u>

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33. Cash Generated from Operating Activities, Continued

(2) Details of significant transactions without inflows and outflows of cash for the three-month periods ended March 31, 2016 and 2015 are as follows:

(In millions of won)

	<u>2016</u>	<u>2015</u>
Other payables related to acquisition of property, plant and equipment	₩ 56,662	282,708
Dividend payables	353,001	218,401