

SAMSUNG SDI CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Financial Statements

**June 30, 2012 and 2011**

(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 Stockholders  
Samsung SDI Co., Ltd.:

### **Reviewed financial statements**

We have reviewed the accompanying condensed consolidated interim financial statements of Samsung SDI Co., Ltd. and its subsidiaries (the "Group") which comprise the condensed consolidated statement of financial position as of June 30, 2012, the condensed consolidated statements of comprehensive income (loss) for the three- and six-month periods ended June 30, 2012 and 2011, the condensed consolidated statements of changes in equity and cash flows for the six-month periods ended June 30, 2012 and 2011, 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 condensed consolidation 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 financial statements based on our reviews.

We conducted our reviews in accordance with 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 information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of Korea 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, in all material respects, in accordance with K-IFRS No. 1034 *Interim Financial Reporting*.

**Other matter**

The statement of financial position of the Group as of December 31, 2011, 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 and our report thereon, dated February 9, 2012, expressed an unqualified opinion. The accompanying condensed consolidated statement of financial position of the Group as of December 31, 2011, presented for comparative purposes, is not different from that audited by us in all material respects.

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. Accordingly, this report and the accompanying condensed consolidated interim financial statements are for use by those knowledgeable about Korean review standards and their application in practice.

Seoul, Korea  
August 10, 2012

This report is effective as of August 10, 2012, 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.

SAMSUNG SDI CO., LTD. AND SUBSIDIARIES  
Condensed Interim Consolidated Statements of Financial Position

As of June 30, 2012 and December 31, 2011 (Unaudited)  
(Unaudited)

<i>(In thousands of won)</i>	<i>Note</i>	<b>2012</b>	<b>2011</b>
<b>Assets</b>			
Cash and cash equivalents	4,6 ₩	674,130,802	757,661,035
Trade and other receivables, net	4,7,30	965,785,635	921,072,251
Inventories, net	8	637,305,058	583,586,734
Other investments	4,9	36,323,648	43,914,921
Other assets	4,10	40,371,351	57,874,076
<b>Total current assets</b>		<u>2,353,916,494</u>	<u>2,364,109,017</u>
Long-term trade and other receivables, net	4,7,30	4,475,892	4,596,161
Associates and joint ventures	11,32	2,082,535,242	1,899,028,212
Property, plant and equipment, net	5,12	1,785,343,452	1,827,201,635
Intangible assets, net	5,13	138,433,203	140,296,912
Investment property	5,14	49,583,129	54,753,819
Deferred tax assets	28	56,929,472	55,168,556
Non-current other investments	4,9	2,037,772,347	2,097,181,680
Non-current other assets	10,13	80,605,898	85,074,763
<b>Total non-current assets</b>		<u>6,235,678,635</u>	<u>6,163,301,738</u>
<b>Total assets</b>	₩	<u>8,589,595,129</u>	<u>8,527,410,755</u>
<b>Liabilities</b>			
Trade and other payables	4,15,30	809,979,923	829,970,790
Income tax payable	28	29,409,884	16,498,584
Advance received		6,136,642	8,203,104
Unearned revenue		1,270,197	2,404,551
Short-term borrowings	4,16	695,226,063	761,365,924
Provisions	17	107,970,759	131,539,913
<b>Total current liabilities</b>		<u>1,649,993,468</u>	<u>1,749,982,866</u>
Long-term trade and other payables	4,15,30	7,002,341	9,136,027
Employee benefits	18	47,804,414	31,782,891
Provisions	17	25,261,509	20,056,660
Deferred tax liabilities	28	437,110,278	401,925,090
<b>Total non-current liabilities</b>		<u>517,178,542</u>	<u>462,900,668</u>
<b>Total liabilities</b>		<u>2,167,172,010</u>	<u>2,212,883,534</u>
<b>Equity</b>			
Capital stock	1,20	240,681,185	240,681,185
Capital surplus	20	1,258,440,118	1,258,119,974
Other capital	21	(163,787,925)	(165,394,676)
Accumulated other comprehensive income	22	1,121,398,949	1,173,911,801
Retained earnings	23	3,760,810,792	3,610,804,370
<b>Equity attributable to owners of the Company</b>		<u>6,217,543,119</u>	<u>6,118,122,654</u>
<b>Non-controlling interests</b>		<u>204,880,000</u>	<u>196,404,567</u>
<b>Total equity</b>		<u>6,422,423,119</u>	<u>6,314,527,221</u>
<b>Total liabilities and equity</b>	₩	<u>8,589,595,129</u>	<u>8,527,410,755</u>

See accompanying notes to the consolidated interim financial statements.

SAMSUNG SDI CO., LTD. AND SUBSIDIARIES  
Condensed Interim Consolidated Statements of Comprehensive Income (Loss)

For the three- and six-month periods ended June 30, 2012 and 2011  
(Unaudited)

(In thousands of won, except earnings per share)

	Note	June 30, 2012		June 30, 2011	
		Three-month	Six-month	Three-month	Six-month
<b>Revenue</b>	5,30 ₩	1,477,401,363	2,854,092,855	1,349,401,986	2,558,446,987
Cost of sales	8,18,25,30	(1,221,309,033)	(2,416,375,096)	(1,141,663,618)	(2,220,792,732)
<b>Gross profit</b>		256,092,330	437,717,759	207,738,368	337,654,255
Selling, general and administrative expenses	18,24,25	(173,463,741)	(338,220,091)	(152,192,315)	(273,513,136)
Other income	26	4,580,108	57,538,687	38,251,836	216,704,890
Other expenses	26	(3,238,244)	(6,028,427)	(4,569,428)	(131,270,205)
<b>Results from operating activities</b>		83,970,453	151,007,928	89,228,461	149,575,804
Finance income	27	44,840,064	102,544,610	44,210,439	82,596,217
Finance costs	27	(48,428,497)	(109,176,584)	(51,612,080)	(100,883,062)
Share of profit of equity accounted investees	11	85,920,083	187,128,950	48,722,213	110,948,583
<b>Income before income tax</b>		166,302,103	331,504,904	130,549,033	242,237,542
Income tax expense	28	50,154,335	96,547,790	35,727,468	63,951,055
<b>Net income</b>	₩	116,147,768	234,957,114	94,821,565	178,286,487
<b>Other comprehensive income (loss)</b>					
Net change in fair value of available-for-sale financial assets		(231,438,693)	(58,417,242)	156,736,009	100,677,176
Change in equity of associates and joint ventures		793,496	(954,133)	(6,241,169)	(6,455,513)
Loss on translation of foreign operations		(8,125,564)	(11,520,798)	(17,579,770)	(29,988,903)
Income tax on other comprehensive income		57,275,726	17,186,843	(32,886,664)	(20,548,922)
<b>Total comprehensive income (loss)</b>	₩	(65,347,267)	181,251,784	194,849,971	221,970,325
<b>Net income attributable to:</b>					
Owners of the Parent Company	5,31	105,329,378	217,340,169	86,512,997	165,225,659
Non-controlling interests	31	10,818,390	17,616,945	8,308,568	13,060,828
<b>Total comprehensive income (loss) attributable to:</b>					
Owners of the Parent Company		(75,868,792)	164,827,318	194,287,950	219,978,660
Non-controlling interests		10,521,525	16,424,466	562,021	1,991,665
<b>Earnings per share</b>	29				
Basic earnings per share (won)		2,429	5,013	1,998	3,818
Diluted earnings per share (won)		2,429	5,012	1,996	3,812

See accompanying notes to the consolidated interim financial statements.

SAMSUNG SDI CO., LTD. AND SUBSIDIARIES  
Condensed Interim Consolidated Statements of Changes in Equity

For the six-month periods ended June 30, 2012 and 2011  
(Unaudited)

<i>(In thousands of won)</i>		<u>Capital stock</u>	<u>Capital surplus</u>	<u>Other capital</u>	<u>Accumulated other comprehensive income</u>	<u>Retained earnings</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
<b>Balance at January 1, 2011</b>	₩	240,681,185	1,255,831,094	(169,964,808)	1,333,566,877	3,391,052,037	179,695,124	6,230,861,509
<b>Comprehensive income</b>								
Net income		-	-	-	-	165,225,659	13,060,828	178,286,487
Change in fair value of available-for-sale financial assets		-	-	-	78,528,197	-	-	78,528,197
Change in equity of associates and joint ventures		-	-	-	(5,154,379)	-	(83,246)	(5,237,625)
Change in loss on translation of foreign operations		-	-	-	(18,620,817)	-	(10,985,917)	(29,606,734)
<b>Total comprehensive income</b>		-	-	-	54,753,001	165,225,659	1,991,665	221,970,325
<b>Transactions with owners of the Company, recognized directly in equity</b>								
Dividends to owners of the Company		-	-	-	-	(71,662,159)	(5,431,658)	(77,093,817)
Reduction of capital		-	-	-	-	-	(10,252,239)	(10,252,239)
Exercise of share option		-	892,389	3,299,540	-	-	-	4,191,929
<b>Balance at June 30, 2011</b>	₩	240,681,185	1,256,723,483	(166,665,268)	1,388,319,878	3,484,615,537	166,002,892	6,369,677,707
<b>Balance at January 1, 2012</b>	₩	240,681,185	1,258,119,974	(165,394,676)	1,173,911,801	3,610,804,370	196,404,567	6,314,527,221
<b>Total comprehensive income</b>								
Net income		-	-	-	-	217,340,169	17,616,945	234,957,114
Change in fair value of available-for-sale financial assets		-	-	-	(45,392,373)	-	-	(45,392,373)
Change in equity of associates and joint ventures		-	-	-	(18,800)	-	-	(18,800)
Change in loss on translation of foreign operations		-	-	-	(7,101,679)	-	(1,192,478)	(8,294,157)
<b>Total comprehensive income</b>		-	-	-	(52,512,852)	217,340,169	16,424,467	181,251,784
<b>Transactions with owners of the Company, recognized directly in equity</b>								
Dividends to owners of the Company		-	-	-	-	(67,333,747)	(7,949,034)	(75,282,781)
Exercise of share option		-	320,144	1,606,751	-	-	-	1,926,895
<b>Balance at June 30, 2012</b>	₩	240,681,185	1,258,440,118	(163,787,925)	1,121,398,949	3,760,810,792	204,880,000	6,422,423,119

See accompanying notes to the consolidated interim financial statements.

SAMSUNG SDI CO., LTD. AND SUBSIDIARIES  
Condensed Interim Consolidated Statements of Cash Flows

For the six-month periods ended June 30, 2012 and 2011  
(Unaudited)

(In thousands of won)

	<u>2012</u>	<u>2011</u>
<b>Cash flows from operating activities</b>		
Net income	₩ 234,957,114	178,286,487
Adjustments for:		
Accrual for retirement and severance benefits	18,005,228	15,743,135
(Reversal of) loss on valuation of inventories	10,215,220	(3,569,755)
Depreciation	228,554,584	191,941,698
Amortization	14,931,461	9,442,160
Bad debt expense	1,444,027	1,071,031
Other bad debt expense	-	95,362
Commission fee	1,493,643	2,609,865
Share of profit of equity accounted investees	(187,128,950)	(110,948,583)
Loss on disposal of associates and joint ventures	-	838,244
Gain on disposal of associates and joint ventures	(9,810)	(123,836,711)
Foreign currency translations loss	12,586,927	12,990,308
Foreign currency translations gain	(5,970,363)	(11,007,147)
Loss on sale of property, plant and equipment	945,739	664,167
Gain on sale of property, plant and equipment	(618,675)	(22,123,950)
Loss on impairment of property, plant and equipment	1,130,621	16,842
Reversal of loss on impairment of property, plant and equipment	-	(8,142,547)
Loss on sale of intangible assets	-	4
Loss on sale of investments	-	15,482
Gain on sale of investments	(610,718)	(3,164,241)
Miscellaneous losses	1,771,545	121,102,141
Miscellaneous income	(29,908,586)	(28,571,724)
Income tax expense	96,547,790	63,951,055
Interest expense	10,836,080	8,658,491
Interest income	(10,923,013)	(11,909,206)
Dividends income	(19,145,705)	(18,730,200)
Changes in assets and liabilities:		
Trade receivables	(109,219,842)	(205,329,895)
Other receivables	30,745,865	(42,774,267)
Other current assets	15,266,653	20,554,351
Inventories	(61,273,674)	(93,266,777)
Non-current other receivables	(626,313)	(406,833)
Non-current other assets	1,749,563	160,557
Trade payables	56,234,202	80,509,997
Other payables	(4,021,922)	(24,703,588)
Advance received	(2,159,814)	(19,420,241)
Unearned revenue	(1,134,355)	(1,280,124)
Provisions	(34,985,442)	(5,786,299)
Non-current other payables	(1,831,807)	70,887
Non-current provisions	5,204,850	5,204,850
Payment of retirement and employee benefits	(5,775,797)	(3,785,735)
Plan assets	3,848,760	1,072,289
Transfer in from (to) related parties for employee benefits	(56,668)	2,421,817
Interest received	10,172,291	12,755,840
Interest paid	(10,517,902)	(7,776,689)
Dividends received	19,145,705	13,165,346
Income taxes paid	(43,261,717)	(9,549,843)
<b>Net cash provided by (used in) operating activities</b>	<u>246,606,795</u>	<u>(12,741,949)</u>



SAMSUNG SDI CO., LTD. AND SUBSIDIARIES  
Condensed Interim Consolidated Statements of Cash Flows, Continued

For the six-month periods ended June 30, 2012 and 2011  
(Unaudited)

**Cash flows from investing activities**

Sale of other investments	₩	22,719,305	49,650,150
Proceeds from disposal of associates and joint ventures		2,677,597	27,208,898
Sale of property, plant and equipment		5,738,688	25,874,196
Sale of investment property		905,740	4,374,161
Acquisition of other investments		(11,605,522)	(13,636,376)
Acquisition of associates and joint ventures		-	(380,000,025)
Acquisition of other non-current assets		(16,635,082)	(12,543,759)
Acquisition of property, plant and equipment		(212,017,090)	(258,504,014)
Acquisition of intangible assets		-	(8,792,309)
<b>Net cash used in investing activities</b>		<u>(208,216,364)</u>	<u>(566,369,078)</u>

**Cash flows from financing activities**

Proceeds from short-term borrowings		426,900,208	364,701,535
Exercise of share options		2,029,104	5,279,675
Repayment of short-term borrowings		(462,495,088)	(88,795,328)
Repayment of long-term borrowings		(28,832,500)	-
Dividends paid		(67,333,747)	(71,651,479)
Capital reduction by cash distribution of subsidiaries		-	(15,339,277)
<b>Net cash provided by (used in) financing activities</b>		<u>(129,732,023)</u>	<u>194,195,126</u>

**Net decrease in cash and cash equivalents**

		(91,341,592)	(384,915,901)
Cash and cash equivalents at January 1		757,661,035	1,066,315,966
Effect of exchange rate fluctuations on cash held		7,811,359	(21,954,290)
<b>Cash and cash equivalents at June 30</b>	₩	<u>674,130,802</u>	<u>659,445,775</u>

See accompanying notes to the consolidated interim financial statements.

# SAMSUNG SDI CO., LTD. AND SUBSIDIARIES

## Notes to the Condensed Consolidated Interim Financial Statements

**June 30, 2012**  
(Unaudited)

### **1. Reporting entity**

Samsung SDI Co., Ltd. (the “Parent Company”) was incorporated on January 20, 1970 under the Investment Promotion Law of the Republic of Korea with paid-in capital of ₩200 million. In 1979, the Parent Company was listed on the Korea Exchange (formerly, Korean Stock Exchange). The consolidated financial statements of the Parent Company comprise the Parent Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in associates and jointly controlled entities. The Group is engaged in the manufacture and sale of plasma display panels and rechargeable batteries.

The Parent Company’s head office is located in Kiheung, Gyeong-gi Do, and its factories are located in Ulsan and Cheon-An, Chungcheongnam-Do. In addition to these local business sites, the Parent Company also has 15 subsidiaries operating in the United States, Malaysia, Vietnam, Germany, Mexico, Hong Kong, China, Japan, Brazil, Hungary, and Korea.

Under its Articles of Incorporation, the Parent Company is authorized to issue 100,000 thousand shares of capital stock with a par value of ₩ 5,000 per share. As of June 30, 2012, 47,176,237 shares of capital stock (including 1,617,896 preferred shares) have been issued and are outstanding, and the Parent Company’s paid-in-capital amounts to ₩ 240,681 million. The major shareholder of the Parent Company is Samsung Electronics Co., Ltd. (19.68%). The Parent Company is allowed to retire its stock through a board resolution within the amount that would be paid as dividends to shareholders. Pursuant to the resolution made by the board of directors on October 18, 2004, the Parent Company retired 930,000 common shares and 30,000 preferred shares, which were acquired at ₩ 99,333 million on December 8, 2004 with appropriating retained earnings. Due to the share retirement, the par value of the outstanding shares in the amount of ₩ 235,881 million (₩ 227,792 million for common stock and ₩ 8,089 million for preferred stock, excluding the retired shares) is different from the paid-in capital.

Under its Articles of Incorporation, the Parent Company is authorized to issue 30,000 thousand non-voting preferred shares. Holders of preferred shares issued before February 28, 1997 are entitled to receiving additional dividends of 1% of its par value per annum. As of June 30, 2012, 1,617,896 shares of non-cumulative and non-voting preferred stocks are eligible for these additional dividends.

### **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 Corporations.

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 at and for the year ended December 31, 2011. 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.

SAMSUNG SDI CO., LTD. AND SUBSIDIARIES  
Notes to the Condensed Consolidated Interim Financial Statements

**June 30, 2012**  
(Unaudited)

**2. Basis of preparation, Continued**

**(2) Use of estimates and judgments, continued**

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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, 2011.

**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, 2011.

SAMSUNG SDI CO., LTD. AND SUBSIDIARIES  
Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2012  
(Unaudited)

3. Significant accounting policies, Continued

(1) Basis of consolidation

The list of subsidiaries as of June 30, 2012 and December 31, 2011 are as follows:

(In thousands of won, except number of shares and percentage of ownership)

Subsidiaries	Location	Primary business	Capital stock as of June 30, 2012	Percentage of ownership (***)	
				June 30, 2012	December 31, 2011
Samsung SDI America, Inc. ("SDIA")	U.S.A.	Manufacturing and sale of PDP, sale of rechargeable battery	28,626,950	91.70%	91.70%
Samsung SDI Germany GmbH ("SDIG") (*)	Germany	Supporting sales in Europe region	22,400,891	100.00%	100.00%
Samsung SDI Hungary Rt. ("SDIHU")	Hungary	Manufacturing and sale of PDP	4,860,887	100.00%	100.00%
Samsung SDI Europe GmbH ("SDIEU") (*)	Germany	Sale of rechargeable battery, etc.	1,558,180	100.00%	100.00%
Samsung SDI (Malaysia) Sdn, Bhd. ("SDI(M)")	Malaysia	Manufacturing and sale of CPT	43,581,363	68.60%	68.60%
Samsung SDI Vietnam Ltd. ("SDIV") (*)	Vietnam	Manufacturing and sale of rechargeable battery	17,326,000	100.00%	100.00%
Samsung SDI Energy Malaysia Sdn, Bhd. ("SDIEM")	Malaysia	Manufacturing and sale of rechargeable battery	11,781,000	100.00%	100.00%
Samsung SDI (Hong Kong) Ltd. ("SDIHK")	Hong Kong	Sale of rechargeable battery, PDP	261,864,048	95.90%	95.90%
Samsung SDI Japan Co., Ltd. ("SDIJ") (**)(**)	Japan	Purchase and sale of PDP, raw materials of rechargeable battery	4,210,454	100.00%	-
Samsung SDI Brazil Ltda. ("SDIB")	Brazil	Supporting sales in South America region	117,239,846	95.90%	95.90%
SVIC 15 Fund ("SVIC 15")	Korea	Investments in new technology venture business	29,818,182	99.00%	99.00%
<b>Subsidiary of SDIA</b>					
Samsung SDI Mexico, S.A. de C.V. ("SDIM")	Mexico	Manufacturing of PDP	2,854,723	91.70%	91.70%
<b>Subsidiaries of SDIHK</b>					
Shenzhen Samsung SDI Co., Ltd. ("SSDI") (*)	China	Manufacturing and sale of CRT, PDP	148,353,146	76.70%	76.70%
Tianjin Samsung SDI Co., Ltd. ("TSDI") (*)	China	Manufacturing and sale of rechargeable battery	113,123,338	76.70%	76.70%
Shanghai Samsung SVA Electronic Devices Co., Ltd. ("SSED") (*)	China	Manufacturing and sale of rechargeable battery, sale of VFD	47,671,714	57.90%	57.90%

(\*) In accordance with the local laws and regulations, no shares have been issued and ownership interest has been measured based on investments.

(\*\*) For the six-month period ended June 30, 2012, "SDIJ" which has been established during 2012 has been included in the Group, which is located in Japan.

(\*\*\*) Effective ownership interest has been measured based on ownership of the Parent Company and its subsidiaries considering the control structure.

SAMSUNG SDI CO., LTD. AND SUBSIDIARIES  
Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2012  
(Unaudited)

3. Significant accounting policies, Continued

(1) Basis of consolidation, continued

Condensed statement of financial position as of June 30, 2012 and condensed statement of comprehensive income for six-month period ended June 30, 2012 of subsidiaries are as follows:

(In thousands of won)

Subsidiaries	Assets	Liabilities	Equity	Revenue	Net income (loss)	Total Comprehensive income
Samsung SDI America, Inc. ("SDIA")	₩ 179,802,695	84,102,127	95,700,568	383,279,097	40,248,472	73,806,868
Samsung SDI Germany GmbH ("SDIG")	44,394,977	1,855,997	42,538,980	-	(17,087)	(4,442,278)
Samsung SDI Hungary Rt. ("SDIHU")	136,040,086	54,949,514	81,090,572	195,109,195	16,530,725	13,385,690
Samsung SDI Europe GmbH ("SDIEU")	6,654,223	4,581,592	2,072,631	9,802,427	443,332	361,727
Samsung SDI (Malaysia) Sdn. Bhd. ("SDI(M)")	189,728,265	35,473,249	154,255,016	110,555,850	11,313,215	8,737,781
Samsung SDI Vietnam Ltd. ("SDIV")	108,929,951	86,294,415	22,635,536	166,480,801	2,932,228	3,032,306
Samsung SDI Energy Malaysia Sdn, Bhd. ("SDIEM")	80,362,947	72,003,648	8,359,299	5,153,618	(2,068,454)	(2,070,325)
Samsung SDI (Hong Kong) Ltd. ("SDIHK")	523,931,825	165,453,883	358,477,942	509,708,973	31,928,801	24,820,725
Samsung SDI Japan Co., Ltd. ("SDIJ")	15,411,253	10,957,055	4,454,198	3,984,222	94,173	243,744
SVIC 15 Fund ("SVIC 15")	30,550,045	186,475	30,363,570	-	(128,493)	(4,723,960)
Samsung SDI Mexico, S.A. de C.V. ("SDIM")	12,050,655	3,180,511	8,870,144	12,611,412	2,642,229	4,406,431
Samsung SDI Brazil Ltda. ("SDIB")	47,784,210	10,055,323	37,728,887	-	280,130	(3,978,963)
Shenzhen Samsung SDI Co., Ltd. ("SSDI")	429,174,433	185,117,193	244,057,240	407,281,832	13,753,902	11,960,509
Tianjin Samsung SDI Co., Ltd. ("TSDI")	717,223,661	424,765,318	292,458,343	695,847,953	33,058,230	31,447,033
Shanghai Samsung SVA Electronic Devices Co., Ltd. ("SSED")	180,865,603	133,598,133	47,267,470	279,377,491	5,754,824	5,125,847

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4. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

(1) 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. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Most customers have been transacting with the Group for many years and impairment loss has not occurred very often. In addition, the Group reviews credit rating of new customers prior to the determination of payment terms and also re-examines the credit rating of customers on a regular basis.

The Group sets allowances for estimated losses from accounts receivable and investment assets. In addition, the Group reports present conditions and countermeasures of delayed recovery for the financial assets and takes reasonable steps depending on the reasons for delay in order to manage the credit risk.

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The Group limits its exposure to credit risk by depositing cash and cash equivalents in financial institutions that have a high credit rate. The maximum exposure to credit risk at the reporting date was as follows:

<i>(In thousands of won)</i>	<u>June 30, 2012</u>	<u>December 31, 2011</u>
Cash and cash equivalents	₩ 674,130,802	757,661,035
Trade and other receivables	977,978,130	932,040,336
Held-to-maturity financial assets	55,955	241,985
Available-for-sale financial assets	1,972,837,019	2,028,949,462
Financial assets	40,921,418	45,929,838
Guarantee deposits	60,281,603	65,975,316
Total	₩ <u>3,726,204,927</u>	<u>3,830,797,972</u>

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was as follows:

<i>(In thousands of won)</i>	<u>June 30, 2012</u>	<u>December 31, 2011</u>
Domestic	₩ 128,176,506	113,915,500
Europe	25,219,674	39,564,292
North America	48,365,325	49,552,494
China	363,510,502	441,159,429
Other	412,706,123	287,848,621
Total	₩ <u>977,978,130</u>	<u>932,040,336</u>

SAMSUNG SDI CO., LTD. AND SUBSIDIARIES  
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4. Financial risk management, Continued

(1) Credit risk, continued

2) Impairment loss

As of June 30, 2012 and December 31, 2011, the aging of trade receivables and balance of impairment are as follows:

(In thousands of won)

		June 30, 2012		December 31, 2011	
		Gross	Impairment	Gross	Impairment
Not past due	₩	860,566,050	-	800,448,642	-
Past due 0-30 days		1,279,501	-	230,302	-
Past due 31-60 days		842,052	-	22,391	-
Past due 61-365 days		-	-	3,154	-
Total	₩	862,687,603	-	800,704,489	-

3) Financial assets that are past due but not impaired

Financial assets that are past due but not impaired as of June 30, 2012 and December 31, 2011 are summarized as follows:

(In thousands of won)

		June 30, 2012			December 31, 2011		
		Carrying amount	6 months or less	More than 6 months	Carrying amount	6 months or less	More than 6 months
Trade receivables	₩	2,121,553	2,121,553	-	255,847	255,847	-

(2) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its cash flows through long-term and short-term management strategies and ensures it has sufficient cash on demand to meet expected operational expenses. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

The Group establishes short-term and long-term cash management plans to manage liquidity risk. The Group matches maturity structures of financial assets and liabilities through analyzing and reviewing cash flow budget and actual cash flow. Management believes that the Group is able to redeem its financial liabilities through operating cash flows and cash inflows of financial assets.

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4. Financial risk management, Continued

(2) Liquidity risk, continued

Maturity analysis of financial liabilities as of June 30, 2012 is as follows:

		Contractual		
		Carrying amount	Cash flow	1 year or less
Short-term borrowings	₩	495,291,688	496,238,650	496,238,650
Debentures		199,934,375	202,735,000	202,735,000
Total	₩	695,226,063	698,973,650	698,973,650

(3) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Exchange rate risk

The Group has exposure to the exchange rate risk for the sale, purchase, and borrowing of currencies not denominated in functional currency. Main currencies used for these transactions are EUR, USD, JPY and etc. The Group manages the exchange rate risk through currency forward transactions as considered necessary in order to hedge the exchange risk.

Carrying amounts of monetary assets and liabilities expressed as other than functional currency as of June 30, 2012 and December 31, 2011 are as follows:

		June 30, 2012			December 31, 2011		
		USD	EUR	JPY, etc	USD	EUR	JPY, etc
<b>Monetary assets:</b>							
Cash and cash equivalents	₩	41,640,470	-	84,639	72,894,527	-	203,586
Trade and other receivables		1,414,478,191	39,203,716	5,643,723	1,215,490,761	69,239,066	4,013,102
Other investments		237,596	4,520	-	237,493	4,706	-
Total	₩	1,456,356,257	39,208,236	5,728,362	1,288,622,781	69,243,772	4,216,688
<b>Monetary liabilities:</b>							
Trade and other payables	₩	1,011,403,094	2,229,041	20,905,242	799,523,973	156,307	18,732,687
Borrowings		619,902,089	-	-	833,185,939	-	-
Total	₩	1,631,305,183	2,229,041	20,905,242	1,632,709,912	156,307	18,732,687



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4. Financial risk management, Continued

(3) Market risk, continued

1) Exchange rate risk, continued

The following significant exchange rates applied for the six-month period ended June 30, 2012:

Currency	Average rate		Reporting date spot rate	
	Six-month period ended June 30, 2012	Six-month period ended June 30, 2011	June 30, 2012	December 31, 2011
USD	1,141.74	1,101.84	1,153.80	1,153.30
EUR	1,481.12	1,545.62	1,435.04	1,494.10
JPY	14.33	13.44	14.53	14.85

Effects on income (loss) as a result of change in interest rate as of June 30, 2012 and December 31, 2011 are as follows:

(In thousands of won)

Currency		June 30, 2012		December 31, 2011	
		If increased by 5%	If decreased by 5%	If increased by 5%	If decreased by 5%
USD	₩	(6,630,564)	6,630,564	(13,040,902)	13,040,902
EUR		1,401,511	(1,401,511)	2,618,415	(2,618,415)
JPY, etc		(575,204)	575,204	(550,156)	550,156

2) Interest rate risk

The Group entered into interest rate swaps contracts in order to hedge the interest rate fluctuation risk for certain borrowings.

(i) At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was as follows:

(In thousands of won)

		June 30, 2012	December 31, 2011
<b>Fixed interest rate:</b>			
Short-term borrowings	₩	199,934,375	199,797,951
<b>Floating interest rate:</b>			
Short-term borrowings		495,291,688	561,567,973

(ii) Fair value sensitivity analysis for fixed rate instruments

Debentures at amortized cost bear fixed interest rates. Therefore a change in interest rates at the reporting date would not affect profit or loss.

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4. Financial risk management, Continued

(3) Market risk, continued

2) Interest rate risk, continued

(iii) Cash flow sensitivity analysis for variable rate instruments

A change of one percent point in interest rates at the reporting date would have increased (decreased) equity and income after income taxes by the amounts shown below. This analysis assumes that all other variables remain constant.

(In thousands of won)

		June 30, 2012			
		Equity		Profit after income taxes	
Item		If increased by 1%	If decreased by 1%	If increased by 1%	If decreased by 1%
Variable rate instruments	₩	(3,754,311)	3,754,311	(3,754,311)	3,754,311

(In thousands of won)

		December 31, 2011			
		Equity		Profit after income taxes	
Item		If increased by 1%	If decreased by 1%	If increased by 1%	If decreased by 1%
Variable rate instruments	₩	(4,256,685)	4,256,685	(4,256,685)	4,256,685

3) Other market price risk

Market price risk arises from the available-for-sale financial assets that the Group possesses. Major investments within the portfolio are managed separately and the approval of the board of directors is necessary for important acquisition or sale decisions.

The effect on other comprehensive income (gains/losses on valuation of available-for-sale financial assets), when the price of listed equity financial assets, among the available-for-sale financial assets that the Group possesses at June 30, 2012, changed by five percent points is as follows:

(In thousands of won)

Item		If increased by 5%	If decreased by 5%
Total comprehensive income, net of tax effect	₩	58,860,497	(58,860,497)

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**4. Financial risk management, Continued**

(4) Capital management

The Group's capital management is to maintain a sound capital structure and to maximize shareholder profit. The Group uses financial ratios such as debt ratio and net borrowings ratio as a capital management indicator to achieve the optimum capital structure. Debt ratio is calculated as total debt divided by total equity and net borrowings ratio is calculated as net borrowings divided by total equity.

<i>(In thousands of won)</i>	<u>June 30, 2012</u>	<u>December 31, 2011</u>
<b>Debt to equity ratio:</b>		
Total liabilities	₩ 2,167,172,010	2,212,883,534
Total equity	<u>6,422,423,119</u>	<u>6,314,527,221</u>
Debt to equity ratio	<u>33.7%</u>	<u>35.0%</u>
<b>Net borrowings to equity ratio:</b>		
Borrowings	₩ 695,226,063	761,365,924
Less : Cash and cash equivalents	(674,130,802)	(757,661,035)
Less : Short-term financial instruments	<u>(25,065,421)</u>	<u>(27,665,420)</u>
Net borrowings	<u>(3,970,160)</u>	<u>(23,960,531)</u>
Net borrowings ratio	<u>(*)</u>	<u>(*)</u>

(\*) The ratio is not calculated as the net borrowings are negative amount.

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4. Financial risk management, Continued

(5) Fair values

1) Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

(In thousands of won)

Item	June 30, 2012		December 31, 2011	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets:</b>				
<b>Assets carried at fair value</b>				
Available-for-sale financial assets	₩ 1,972,837,019	1,972,837,019	2,028,949,462	2,028,949,462
<b>Assets carried at amortized cost</b>				
Cash and cash equivalents	674,130,802	674,130,802	757,661,035	757,661,035
Trade receivables and other receivables	970,261,527	970,261,527	925,668,412	925,668,412
Held-to-maturity financial assets	55,955	55,955	241,985	241,985
Financial instruments	40,921,418	40,921,418	45,929,838	45,929,838
Guarantee deposits	60,281,603	60,281,603	65,975,316	65,975,316
Total financial assets	₩ 3,718,488,324	3,718,488,324	3,824,426,048	3,824,426,048
<b>Financial liabilities:</b>				
<b>Liabilities carried at amortized cost</b>				
Borrowings	₩ 695,226,063	696,238,321	761,365,924	761,031,816
Trade payables and other payables	816,982,264	816,982,264	839,106,817	839,106,817
Total financial liabilities	₩ 1,512,208,327	1,513,220,585	1,600,472,741	1,600,138,633

2) Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at each period end plus an adequate credit spread, and were as follows:

	June 30, 2012	December 31, 2011
Borrowings	3.23%	3.92%

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4. Financial risk management, Continued

(5) Fair values, continued

3) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- "Level 1" indicates quoted prices in active markets for identical assets or liabilities. Instruments included in "Level 1" are composed of listed equity securities that are classified as available-for-sale financial assets.
- The Group uses a valuation technique to estimate fair values of financial instruments which are not traded in an active market. If the significant inputs which are required for a fair value measurement are observable directly or indirectly in a market, the fair value input is classed as "Level 2"
- On the other hand, if the significant inputs are not based on observable market data, the fair value input for that instrument is classed as "Level 3"

Among unlisted equity securities, the fair value of Samsung Everland Inc. is estimated using continuous probability distribution of value per share in accordance with estimated price per share calculated by the net value method, applying value of assets and the discounted cash flow method applying weighted average cost of capital based on the estimated cash flow. The fair value of Samsung Total Petrochemicals Co., LTD. is measured based on estimated price per share using the net value method. The fair value of Samsung Venture Investment Corporation is estimated using the probability distribution of value per share in accordance with estimated price per share calculated by the free cashflows to equity method. These unlisted equity securities are classed as "Level 3".

The fair values of financial instruments based on the fair value hierarchy as of June 30, 2012 and December 31, 2011 are summarized as follows:

<i>(In thousands of won)</i>		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>June 30, 2012:</b>					
<b>Financial assets</b>					
Available-for-sale financial assets	₩	1,553,047,409	-	407,928,283	1,960,975,692
<b>December 31, 2011:</b>					
<b>Financial assets</b>					
Available-for-sale financial assets	₩	1,636,731,052	-	382,661,861	2,019,392,913

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5. Segments Information

(1) Operating segment

1) The Group has two reportable segments, which are summarized as follows:

Segment	Main business
Display	Manufacture and sale of Plasma Display Panels and Cathode Ray Tube
Energy and other	Manufacture and sale of rechargeable batteries and other

2) The following table provides information for each operating segment as of and for the six-month periods ended June 30, 2012 and 2011:

(In thousands of won)

		Display		Energy and other		Total	
		2012	2011	2012	2011	2012	2011
External revenues	₩	1,222,592,026	1,251,915,683	1,631,500,829	1,306,531,304	2,854,092,855	2,558,446,987
Net income attributable to owners of the Company		(16,465,199)	2,282,219	233,805,368	162,943,440	217,340,169	165,225,659
Total assets (*)		1,499,079,022	1,677,188,675	7,090,516,107	6,850,222,080	8,589,595,129	8,527,410,755

(\*) Total assets represent carrying amount of each reportable segment as of June 30, 2012 and December 31, 2011.

(2) Geographical information

The Group has operated in the global markets such as Korea (the Parent Company's base), North America, Europe, South America and Southeast Asia. The following table provides information for each geographical region as of and for the six-month periods ended June 30, 2012 and 2011.

(In thousands of won)

		June 30, 2012		December 31, 2011	
		Revenue	Non-current assets (*)	Revenue	Non-current assets (*)
Republic of Korea	₩	2,439,929,834	1,427,555,544	2,095,285,558	1,522,830,155
North America		395,890,509	31,101,298	328,354,357	33,275,067
Europe and South America		204,911,622	31,040,230	175,627,777	35,927,960
Southeast Asia and Japan		286,174,491	85,629,618	148,726,856	39,214,013
China		1,892,216,250	434,536,932	1,286,103,155	431,814,262
Consolidation adjustments		(2,365,029,851)	(36,503,838)	(1,475,650,716)	(40,809,091)
Total	₩	2,854,092,855	1,973,359,784	2,558,446,987	2,022,252,366

(\*) Non-current assets include amounts of property, plant and equipment, intangible assets and investment property and represent book value as of June 30, 2012 and December 31, 2011.

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**6. Cash and Cash Equivalents**

Cash and cash equivalents as of June 30, 2012 and December 31, 2011 are summarized as follows:

<i>(In thousands of won)</i>		<u>June 30, 2012</u>	<u>December 31, 2011</u>
Cash on hand	₩	1,236,519	602,943
Demand deposits		335,018,351	507,063,407
Short-term investments		337,875,932	249,994,685
Total	₩	<u>674,130,802</u>	<u>757,661,035</u>

**7. Trade and Other Receivables**

(1) Trade and other receivables as of June 30, 2012 and December 31, 2011 are summarized as follows:

<i>(In thousands of won)</i>		<u>June 30, 2012</u>		<u>December 31, 2011</u>	
		<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
Loans	₩	919,397	2,637,698	1,335,020	2,852,188
Present value discount		-	(317,061)	-	(409,421)
Allowance		(3,720)	(1,490)	(4,970)	(3,350)
Other account receivable		29,487,317	-	51,568,464	-
Allowance		(243,578)	-	(267,422)	-
Accrued income		3,311,396	-	2,560,674	-
VAT receivables		78,934,719	-	73,019,501	-
Trade account receivable		859,984,089	2,703,514	798,000,976	2,703,513
Allowance		<u>(6,603,985)</u>	<u>(546,769)</u>	<u>(5,139,992)</u>	<u>(546,769)</u>
Total	₩	<u>965,785,635</u>	<u>4,475,892</u>	<u>921,072,251</u>	<u>4,596,161</u>

(2) Changes in allowance for trade and other receivables for the six-month period ended June 30, 2012 and the year ended December 31, 2011 were summarized as follows:

<i>(In thousands of won)</i>		<u>2012</u>		<u>2011</u>	
		<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
Balance at beginning	₩	5,412,384	550,119	4,771,103	632,171
(Reversal of) Bad debt expense		1,438,899	(1,860)	588,387	(82,052)
Transfer due to the business acquisition		-	-	52,894	-
Balance at ending	₩	<u>6,851,283</u>	<u>548,259</u>	<u>5,412,384</u>	<u>550,119</u>

SAMSUNG SDI CO., LTD. AND SUBSIDIARIES  
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8. Inventories

(1) Inventories as of June 30, 2012 and December 31, 2011 are summarized as follows:

		<b>June 30, 2012</b>		
		<b>Acquisition cost</b>	<b>Allowance for valuation</b>	<b>Carrying amount</b>
<i>(In thousands of won)</i>				
Finished goods	₩	210,454,529	(13,541,328)	196,913,201
Semi-finished goods		129,040,717	(6,246,637)	122,794,080
Raw materials		215,378,785	(5,782,194)	209,596,591
Supplies		5,493,198	-	5,493,198
Packaged goods		-	-	-
Materials-in-transit		102,507,988	-	102,507,988
Total	₩	<u>662,875,217</u>	<u>(25,570,159)</u>	<u>637,305,058</u>

		<b>December 31, 2011</b>		
		<b>Acquisition cost</b>	<b>Allowance for valuation</b>	<b>Carrying amount</b>
<i>(In thousands of won)</i>				
Finished goods	₩	196,865,354	(7,526,682)	189,338,672
Semi-finished goods		113,752,851	(5,598,884)	108,153,967
Raw materials		190,246,473	(2,229,373)	188,017,100
Supplies		5,406,518	-	5,406,518
Packaged goods		13,740	-	13,740
Materials-in-transit		92,656,737	-	92,656,737
Total	₩	<u>598,941,673</u>	<u>(15,354,939)</u>	<u>583,586,734</u>

(2) The amounts of inventories recognized as cost of goods sold and (reversal of) loss on valuation of inventories reflected to cost of goods sold for the six-month periods ended June 30, 2012 and 2011 were as follows:

		<b>2012</b>		<b>2011</b>	
<i>(In thousands of won)</i>					
Inventories recognized as cost of goods sold	₩	2,406,159,876		2,224,362,488	
(Reversal of) loss on valuation of inventories		10,215,220		(3,569,756)	
Total	₩	<u>2,416,375,096</u>		<u>2,220,792,732</u>	



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9. Other Investments

(1) Other investments as of June 30, 2012 and December 31, 2011 are summarized as follows:

		June 30, 2012		December 31, 2011	
		Current	Non-current	Current	Non-current
Held for maturity	₩	-	55,955	-	241,985
Available-for-sale financial assets		-	1,972,837,019	-	2,028,949,462
Financial instruments		25,065,421	15,855,997	27,665,420	18,264,418
Guarantee deposits		11,258,227	49,926,767	16,249,501	50,550,519
Present value discount		-	(903,391)	-	(824,704)
Total	₩	<u>36,323,648</u>	<u>2,037,772,347</u>	<u>43,914,921</u>	<u>2,097,181,680</u>

(2) Available-for-sale financial assets as of June 30, 2012 and December 31, 2011 are summarized as follows:

		Acquisition cost	Unrealized gain (loss)			Carrying amount
			Beginning balance	Changes in unrealized gain or loss	Ending balance	
<b>June 30, 2012</b>						
Listed equity securities	₩	394,091,239	1,242,639,812	(83,683,642)	1,158,956,170	1,553,047,409
Unlisted equity securities		<u>77,745,860</u>	<u>316,777,350</u>	<u>25,266,400</u>	<u>342,043,750</u>	<u>419,789,610</u>
Total	₩	<u>471,837,099</u>	<u>1,559,417,162</u>	<u>(58,417,242)</u>	<u>1,500,999,920</u>	<u>1,972,837,019</u>
Tax effect	₩		(375,761,215)	13,024,869	(362,736,346)	
<b>December 31, 2011</b>						
Listed equity securities	₩	394,091,239	1,445,994,129	(203,354,316)	1,242,639,813	1,636,731,052
Unlisted equity securities		<u>75,441,060</u>	<u>330,609,660</u>	<u>(13,832,310)</u>	<u>316,777,350</u>	<u>392,218,410</u>
Total	₩	<u>469,532,299</u>	<u>1,776,603,789</u>	<u>(217,186,626)</u>	<u>1,559,417,163</u>	<u>2,028,949,462</u>
Tax effect	₩		(390,852,834)	15,091,619	(375,761,215)	

The Group estimates fair values of certain unlisted equity securities as follows:

- 1) The fair value of Samsung Everland Inc. is estimated using continuous probability distribution of value per share in accordance with estimated price per share calculated by the net value method, applying value of assets and the discounted cash flow method applying weighted average cost of capital based on the estimated cash flow. The acquisition cost and the carrying value of the listed security are ₩ 10,000 million and ₩ 207,349 million, respectively, as of June 30, 2012.
- 2) The fair value of Samsung Total Petrochemicals Co., Ltd. is measured based on estimated price per share using the net value method. The acquisition cost and the carrying value of the listed security are ₩ 50,985 million and ₩ 194,744 million, respectively, as of June 30, 2012.

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9. Other Investments, Continued

(2) Available-for-sale financial assets as of June 30, 2012 and December 31, 2011 are summarized as follows, continued:

3) The fair value of Samsung Venture Investment Corporation is estimated using probability distribution of value per share in accordance with estimated price per share calculated by the free cashflows to equity method. The acquisition cost and the carrying value of the listed security are ₩ 4,900 million and ₩ 5,835 million, respectively, as of June 30, 2012.

Other unlisted equity securities such as LOGIPA Co., Ltd., The Korea Economic Daily, Korea Housing Guarantee Co., Ltd., Polyplus Battery Company, Human Reshine New Material Co., Ltd., Tigo Energy, Inc., Panax E-Tec, and EN Technologies Inc. are valued as acquisition costs net of impairment loss as they are nonmarketable and considered to have possibility of distortion of fair value due to low creditability of preliminary data for the fair value estimation. The acquisition cost and the carrying value of those securities are ₩ 11,861 million.

10. Other Current Assets and Non-current Assets

Other current assets and non-current assets as of June 30, 2012 and December 31, 2011 are summarized as follows:

(In thousands of won)

	June 30, 2012		December 31, 2011	
	Current	Non-current	Current	Non-current
Advance payments	₩ 2,437,582	-	2,203,676	-
Prepaid expenses	36,546,749	59,197,706	53,280,674	61,811,545
Prepaid corporate income tax	1,387,020	21,408,192	2,389,726	23,263,218
Total	₩ 40,371,351	80,605,898	57,874,076	85,074,763

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11. Associates and joint ventures

(1) Associates and joint ventures as of June 30, 2012 and December 31, 2011 are summarized as follows:

(In thousands of won)

	June 30, 2012		December 31, 2011	
	Percentage of ownership	Carrying amount	Percentage of ownership	Carrying amount
<b>Jointly controlled entity:</b>				
SB Limotive Co., Ltd. ("SBL") (*)	50.0%	₩ 36,854,979	50.0%	₩ 106,267,485
<b>Associates:</b>				
Samsung Mobile Display Co., Ltd. ("SMD")	35.6%	1,962,555,482	35.6%	1,708,114,560
SSH Ltd. ("SSH")	40.0%	280,753	40.0%	275,286
Samsung B.P. Chemicals Co., Ltd. ("SBPC")	29.2%	54,424,084	29.2%	51,474,692
E-samsung International Co., Ltd. ("ESI") (*)	11.3%	5,923,263	11.3%	5,641,519
Samsung Economic Research Institute Co., Ltd. ("SERI")	28.6%	22,496,681	28.6%	24,146,953
SVIC 4 Fund ("SVIC 4")	-	-	20.0%	3,107,717
Total		₩ <u>2,082,535,242</u>		₩ <u>1,899,028,212</u>

(\*) The Group classified SBL as a jointly controlled entity as joint control was established according to the contract with Robert Bosch Investment Netherland B.V. In addition, while the Group owns less than 20% of ESI's common shares, the Group classified ESI as an associate because the Group has voting rights through representation in the board of directors.

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11. Associates and joint ventures, Continued

(2) Summarized financial information of investees

1) Summarized financial information of SBL, a jointly controlled entity, as of and for six-month period ended June 30, 2012 and as of and for the year ended December 31, 2011 are summarized as follows:

<i>(In thousands of won)</i>		<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Net loss</u>
June 30, 2012	₩	410,937,885	336,534,954	46,088,356	186,317,994	(140,229,638)
December 31, 2011		390,383,789	176,809,252	174,502,210	298,636,224	(124,134,014)

2) Summarized financial information of associates as of and for six-month period ended June 30, 2012 and as of and for the year ended December 31, 2011 are summarized as follows:

<i>(In thousands of won)</i>		<u>June 30, 2012</u>				
<u>Company</u>		<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Net income (loss)</u>
SMD	₩	10,345,501,984	4,820,363,341	5,083,398,125	4,366,601,942	716,796,183
SSH		701,884	-	759	1,352	(593)
SBPC		342,738,085	156,402,097	210,454,557	200,471,697	9,982,860
ESI		56,097,921	3,446,691	2,501,096	822,783	1,678,313
SERI		99,713,143	21,053,419	66,204,990	71,905,235	(5,700,245)

<i>(In thousands of won)</i>		<u>December 31, 2011</u>				
<u>Company</u>		<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Net income</u>
SMD	₩	9,607,342,028	4,800,687,946	7,031,005,192	6,131,874,379	899,130,813
SSH		694,298	6,084	36,191	26,295	9,896
SBPC		339,593,523	163,355,486	385,860,606	351,132,211	34,728,395
ESI		53,904,133	3,757,297	4,249,811	1,469,803	2,780,008
SERI		117,384,027	32,954,121	149,636,841	149,411,713	225,128
SVIC 4		17,386,079	1,847,495	10,245,041	6,551,174	3,693,867

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11. Associates and joint ventures, Continued

(2) Summarized financial information of investees, continued

3) Changes in associates and joint ventures for the six-month period ended June 30, 2012 and the year ended December 31, 2011 were as follows:

(i) 2012

(In thousands of won)

Company	January 1, 2012	Acquisition	Disposal	Dividends received	Equity profits and loss on investments	Other capital movements	Other	June 30, 2012
SBL	₩ 106,267,485	-	-	-	(69,941,578)	529,072	-	36,854,979
SMD	1,708,114,560	-	-	-	255,478,345	(1,037,423)	-	1,962,555,482
SSH	275,286	-	-	-	(237)	5,704	-	280,753
SBPC	51,474,692	-	-	-	3,388,168	(438,776)	-	54,424,084
ESI	5,641,519	-	-	-	298,051	(16,307)	-	5,923,263
SERI	24,146,953	-	-	-	(1,653,869)	3,597	-	22,496,681
SVIC 4 (*)	3,107,717	-	(2,667,787)	-	(439,930)	-	-	-
Total	₩ 1,899,028,212	-	(2,667,787)	-	187,128,950	(954,133)	-	2,082,535,242

(\*) For the six-month period ended June 30, 2012, the Group recognized ₩ 9,810 thousand as gain on disposal of associates and joint ventures upon liquidation.

(ii) 2011

(In thousands of won)

Company	January 1, 2011	Acquisition	Disposal	Dividends received	Equity profits and loss on investments	Other capital movements	Other	December 31, 2011
SBL	₩ 87,921,105	80,000,000	-	-	(61,720,522)	66,902	-	106,267,485
SMD	944,679,254	300,000,026	-	-	333,352,043	6,532,260	123,550,977	1,708,114,560
SCM	27,697,804	-	(28,047,142)	-	614,343	(265,005)	-	-
SSH	267,450	-	-	-	3,958	3,878	-	275,286
SBPC	48,493,839	-	-	(8,090,478)	11,064,321	7,010	-	51,474,692
ESI	5,186,456	-	-	-	334,707	120,356	-	5,641,519
SERI	26,432,938	-	-	-	60,016	(2,346,001)	-	24,146,953
SVIC 4	8,436,099	-	(6,000,000)	-	1,328,194	(656,576)	-	3,107,717
Total	₩ 1,149,114,945	380,000,026	(34,047,142)	(8,090,478)	285,037,060	3,462,824	123,550,977	1,899,028,212

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12. Property, Plant and Equipment

(1) Changes in property, plant and equipment for the six-month period ended June 30, 2012 and the year ended December 31, 2011 were as follows:

(In thousands of won)

		Land	Buildings	Structures	Machinery	Vehicles	Tools, furniture and fixtures	Construction in progress	Total
<b>Acquisition cost</b>									
Jan.1, 2011	₩	121,971,759	1,328,556,470	437,145,914	2,890,157,978	12,839,012	270,583,718	260,207,168	5,321,462,019
Acquisitions		107,856	2,193,555	15,632	115,637,215	488,333	24,294,627	415,754,633	558,491,851
Disposals		(215,348)	(22,557,930)	(1,688,090)	(335,184,323)	(676,082)	(21,097,217)	-	(381,418,990)
Other		-	48,465,431	35,759,105	360,275,783	1,737,760	31,847,185	(513,860,773)	(35,775,509)
Exchange rate fluctuations		(119,195)	3,139,973	6,294,555	16,587,038	160,333	800,544	(8,448,965)	18,414,283
Dec.31, 2011	₩	121,745,072	1,359,797,499	477,527,116	3,047,473,691	14,549,356	306,428,857	153,652,063	5,481,173,654
Acquisitions		-	3,390,775	35,333	9,078,349	134,694	9,757,296	189,620,643	212,017,090
Disposals		-	(4,700,652)	(178,717)	(48,819,168)	(422,142)	(11,273,050)	-	(65,393,729)
Other		3,603,239	33,790,791	21,817,535	147,013,021	401,097	16,151,259	(239,959,426)	(17,182,484)
Exchange rate fluctuations		(226,150)	(2,815,177)	(3,325,139)	(8,036,650)	(55,256)	(660,713)	(629,298)	(15,748,383)
Jun.30, 2012	₩	125,122,161	1,389,463,236	495,876,128	3,146,709,243	14,607,749	320,403,649	102,683,982	5,594,866,148
<b>Accumulated depreciation</b>									
Jan.1, 2011	₩	-	567,195,576	237,805,649	2,306,801,659	10,079,384	230,301,582	-	3,352,183,850
Disposals		-	(16,814,009)	(1,182,180)	(322,586,669)	(640,941)	(20,367,026)	-	(361,590,825)
Depreciation		-	66,949,222	20,292,930	288,137,734	1,559,644	37,339,200	-	414,278,730
Other		-	368	(23,190)	(8,314,340)	-	(115,953)	-	(8,453,115)
Exchange rate fluctuations		-	2,956,240	2,606,761	11,732,231	111,959	183,250	-	17,590,441
Dec.31, 2011	₩	-	620,287,397	259,499,970	2,275,770,615	11,110,046	247,341,053	-	3,414,009,081
Disposals		-	(3,346,593)	(156,852)	(39,667,059)	(377,900)	(10,786,920)	-	(54,335,324)
Depreciation		-	34,063,600	10,135,915	164,791,453	634,714	17,656,474	-	227,282,156
Other		-	-	-	-	-	-	-	-
Exchange rate fluctuations		-	(906,918)	(1,585,420)	(6,521,844)	(40,623)	(464,897)	-	(9,519,702)
Jun.30, 2012	₩	-	650,097,486	267,893,613	2,394,373,165	11,326,237	253,745,710	-	3,577,436,211
<b>Accumulated impairment</b>									
Jan.1, 2011	₩	-	109,895,903	36,307,110	93,405,327	284,771	2,346,260	-	242,239,371
Disposals		-	(2,421,216)	(213,186)	(11,100,616)	(19,559)	(278,419)	-	(14,032,996)
Impairment (reversal)		-	(8,142,547)	-	19,789,770	-	3,304,356	-	14,951,579
Exchange rate fluctuations		-	(948,032)	(528,417)	(1,667,878)	(7,944)	(42,745)	-	(3,195,016)
Dec.31, 2011	₩	-	98,384,108	35,565,507	100,426,603	257,268	5,329,452	-	239,962,938
Disposals		-	(482,229)	-	(4,193,477)	-	(316,947)	-	(4,992,653)
Impairment (reversal)		-	-	-	1,130,621	-	-	-	1,130,621
Exchange rate fluctuations		-	(721,087)	(901,825)	(2,331,214)	(8,576)	(51,719)	-	(4,014,421)
Jun.30, 2012	₩	-	97,180,792	34,663,682	95,032,533	248,692	4,960,786	-	232,086,485

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**12. Property, Plant and Equipment, Continued**

(1) Changes in property, plant and equipment for the six-month period ended June 30, 2012 and the year ended December 31, 2011 were as follows, continued:

*(In thousands of won)*

		<u>Land</u>	<u>Buildings</u>	<u>Structures</u>	<u>Machineries</u>	<u>Vehicles</u>	<u>Tools, furniture and fixtures</u>	<u>Construction in progress</u>	<u>Total</u>
<b>Carrying amount</b>									
Jan.1, 2011	₩	121,971,759	651,464,991	163,033,155	489,950,992	2,474,857	37,935,876	260,207,168	1,727,038,798
Dec.31, 2011		121,745,072	641,125,994	182,461,639	671,276,473	3,182,042	53,758,352	153,652,063	1,827,201,635
Jun.30, 2012		125,122,161	642,184,958	193,318,833	657,303,545	3,032,820	61,697,153	102,683,982	1,785,343,452

Other increase or decrease includes reclassification of construction-in-progress and investment property to property, plant, and equipment and the amount immediately expensed from construction-in-progress.

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13. Intangible Assets

(1) Changes in intangible assets for the six-month period ended June 30 and the year ended December 31, 2011 were as follows:

<i>(In thousands of won)</i>		<b>Exclusive facility usage rights</b>	<b>Others</b>	<b>Goodwill</b>	<b>Total</b>
<b>Acquisition cost</b>					
Jan.1, 2011	₩	94,562,365	101,430,269	-	195,992,634
Acquisitions		42	14,228,310	11,342,211	25,570,563
Disposals		(3,225,121)	(8)	-	(3,225,129)
Other		13,717,507	57,731,909	-	71,449,416
Exchange rate fluctuations		(10,519,172)	(119,631)	-	(10,638,803)
Dec.31, 2011	₩	<u>94,535,621</u>	<u>173,270,849</u>	<u>11,342,211</u>	<u>279,148,681</u>
Acquisitions		-	-	-	-
Disposals		(18,686,587)	-	-	(18,686,587)
Other		7,233,607	6,122,672	-	13,356,279
Exchange rate fluctuations		(543,482)	2,893,566	-	2,350,084
Jun.30, 2012	₩	<u>82,539,159</u>	<u>182,287,087</u>	<u>11,342,211</u>	<u>276,168,457</u>
<b>Accumulated depreciation</b>					
Jan.1, 2011	₩	55,813,987	61,288,884	-	117,102,871
Amortization		5,396,607	16,409,634	-	21,806,241
Disposals		(767,139)	-	-	(767,139)
Exchange rate fluctuations		(10,538,877)	(93,537)	-	(10,632,414)
Dec.31, 2011	₩	<u>49,904,578</u>	<u>77,604,981</u>	<u>-</u>	<u>127,509,559</u>
Amortization		3,052,201	11,879,260	-	14,931,461
Disposals		(18,686,587)	-	-	(18,686,587)
Exchange rate fluctuations		(253,906)	2,892,517	-	2,638,611
Jun.30, 2012	₩	<u>34,016,286</u>	<u>92,376,758</u>	<u>-</u>	<u>126,393,044</u>
<b>Accumulated impairment</b>					
Jan.1, 2011	₩	-	-	-	-
Impairment		-	-	11,342,210	11,342,210
Dec.31, 2011		-	-	11,342,210	11,342,210
Impairment		-	-	-	-
Jun.30, 2012	₩	<u>-</u>	<u>-</u>	<u>11,342,210</u>	<u>11,342,210</u>
<b>Carrying amount</b>					
Jan.1, 2011	₩	38,748,378	40,141,385	-	78,889,763
Dec.31, 2011		44,631,043	95,665,868	1	140,296,912
Jun.30, 2011		48,522,873	89,910,329	1	138,433,203

Other amounts include reclassification of long-term prepaid expenses to exclusive facility usage rights and of construction-in-progress to other intangible assets.

(2) Amortization expense

Amortization expenses are classified to manufacturing cost and selling, general and administrative expenses, and the Group recognizes the manufacturing cost as cost of sales when the inventory is sold.



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13. Intangible Assets, Continued

(3) Development expenses

Development expenses in selling, general and administrative expenses recognized during the six-month periods ended June 30, 2012 and 2011 were ₩ 26,744 million and ₩ 16,739 million, respectively.

14. Investment Property

Changes in investment property for the six-month period ended June 30, 2012 and the year ended December 31, 2011 were as follows:

		2012			2011		
		Land	Buildings	Total	Land	Buildings	Total
Beginning balance	₩	41,449,579	13,304,240	54,753,819	42,778,494	15,849,097	58,627,591
Reclassification		(3,603,240)	-	(3,603,240)	-	-	-
Disposal		(295,022)	-	(295,022)	(1,328,915)	-	(1,328,915)
Depreciation		-	(1,272,428)	(1,272,428)	-	(2,544,857)	(2,544,857)
Ending balance	₩	37,551,317	12,031,812	49,583,129	41,449,579	13,304,240	54,753,819

Investment property consist of land and buildings in Kiheung and Cheonan and land in Ulsan which were rented to SMD, the Group's associate, SBL, the Group's joint venture and STM.

15. Trade Payables and Other Liabilities

Trade payables and other liabilities as of June 30, 2012 and December 31, 2011 are summarized as follows:

		June 30, 2012		December 31, 2011	
		Current	Non-current	Current	Non-current
Trade payables	₩	412,884,666	-	379,651,306	-
Accounts payable		130,100,887	-	144,092,831	-
Accrued expenses		216,160,110	-	263,504,470	-
Dividends payable		7,897,115	-	22,557	-
Withholdings		28,666,583	5,741,734	29,695,857	7,875,420
Guarantee deposits received		5,238,555	1,260,607	2,650,689	1,260,607
VAT withheld		9,032,007	-	10,353,080	-
Total	₩	809,979,923	7,002,341	829,970,790	9,136,027

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16. Borrowings

(1) Borrowings as of June 30, 2012 and December 31, 2011 are summarized as follows:

(In thousands of won)

		<u>June 30, 2012</u>	<u>December 31, 2011</u>
<b>Short-term borrowings</b>			
Current portion of debentures	₩	199,934,375	199,797,951
Current portion of long-term borrowings in foreign currency		-	28,832,500
Disposals of trade receivable		387,304,570	447,348,469
Short-term borrowings in foreign currency		107,987,118	85,387,004
Total	₩	<u>695,226,063</u>	<u>761,365,924</u>

(2) Debentures as of June 30, 2012 and December 31, 2011 are as summarized follows:

(In thousands of won)

<u>Borrower</u>	<u>Type</u>	<u>Classification</u>	<u>Date of maturity</u>	<u>Annual interest rate (%)</u>		<u>June 30, 2012</u>	<u>December 31, 2011</u>
Parent Company	Corporate bonds	Unsecured	2012.9.16	5.47	₩	200,000,000	200,000,000
						(65,625)	(202,049)
Total					₩	<u>199,934,375</u>	<u>199,797,951</u>

(3) Long-term borrowings in foreign currency as of June 30 and December 31, 2011 are summarized as follows:

(In thousands of won)

<u>Borrower</u>	<u>Description</u>	<u>Financial institution</u>	<u>Annual interest rate (%)</u>		<u>June 30, 2012</u>	<u>December 31, 2011</u>
Parent Company	Foreign currency loans (USD 25,000 thousand)	Korea Development Bank	LIBOR 3M + 0.45	₩	-	28,832,500
					-	(28,832,500)
Total				₩	<u>-</u>	<u>-</u>

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17. Provisions

Changes in provisions for the six-month period ended June 30, 2012 and the year ended December 31, 2011 were as follows:

(In thousands of won)

		Current			Non-current	Total
		Royalty expenses	Quality assurance	Incentives	Incentives	
Balance at Jan. 1, 2012	₩	91,549,764	33,343,189	6,646,960	20,056,660	151,596,573
Provisions made		8,901,351	22,748,736	-	5,204,849	36,854,936
Provisions used		(26,881,274)	(21,691,007)	(6,646,960)	-	(55,219,241)
Balance at June 30, 2012	₩	<u>73,569,841</u>	<u>34,400,918</u>	<u>-</u>	<u>25,261,509</u>	<u>133,232,268</u>
Balance at Jan. 1, 2011	₩	86,703,623	56,612,482	17,714,403	17,714,403	178,744,911
Provisions made		58,091,357	20,781,848	6,646,960	13,409,700	98,929,865
Provisions used		(53,245,216)	(44,051,141)	(17,714,403)	(11,067,443)	(126,078,203)
Balance at Dec. 31, 2011	₩	<u>91,549,764</u>	<u>33,343,189</u>	<u>6,646,960</u>	<u>20,056,660</u>	<u>151,596,573</u>

The Group recognizes a warranty provision for the estimated costs of future repairs and recalls as accrued expenses, based on past experience.

The Group has long-term incentive plans for its executives based on a three-year management performance criteria and has made a provision for the estimated incentive costs for the current year.

Royalty expenses in relation to the technology usage agreement which have not been determined are recorded as accrued expense based on expected future royalty expenses. The payment timing of some royalty expenses may be changeable according to negotiations with respective companies.

18. Employee Benefits

(1) Employee benefit liabilities as of June 30, 2012 and December 31, 2011 are summarized as follows:

(In thousands of won)

		June 30, 2012	December 31, 2011
Present value of defined benefit obligations	₩	158,149,756	143,461,978
Fair value of plan assets		(110,345,342)	(111,679,087)
Total	₩	<u>47,804,414</u>	<u>31,782,891</u>

(2) Other liabilities for employee benefits as of June 30, 2012 and December 31, 2011 are summarized as follows:

(In thousands of won)

		June 30, 2012	December 31, 2011
Liabilities for paid absence	₩	24,088,707	29,931,945
Long-term incentive provisions		25,261,510	26,703,620
Total	₩	<u>49,350,217</u>	<u>56,635,565</u>

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18. Employee Benefits, Continued

(3) Fair value of plan assets as of June 30, 2012 and December 31 are summarized as follows:

<i>(In thousands of won)</i>	<u>June 30, 2012</u>	<u>December 31, 2011</u>
Severance insurance bonds	₩ 110,016,216	111,344,511
National pension fund	329,126	334,576
Total	<u>₩ 110,345,342</u>	<u>111,679,087</u>

(4) Movement in the present value of defined obligations for the six-month period ended June 30, 2012 and the year ended December 31, 2011 were as follows:

<i>(In thousands of won)</i>	<u>2012</u>	<u>2011</u>
Beginning balance	₩ 143,461,978	100,556,125
Adjustments of national pension fund	3,189	34,440
Benefits paid by the plan	(5,775,797)	(10,384,885)
Current service costs and interest	20,525,693	34,640,037
Transfer in from (to) related parties	(56,668)	8,484,152
Actuarial losses in other comprehensive income	-	7,512,123
Increase in past service cost	-	1,655,795
Cost effects from the business acquisition	-	996,136
Payment of deposit on national pension fund	(8,639)	(31,945)
Ending balance	<u>₩ 158,149,756</u>	<u>143,461,978</u>

(5) Movement in the fair value of plan assets for the six-month period ended June 30, 2012 and the year ended December 31, 2011 were as follows:

<i>(In thousands of won)</i>	<u>2012</u>	<u>2011</u>
Beginning balance	₩ 111,679,087	75,429,790
Contributions paid into the plan	-	31,000,000
Benefits paid by the plan	(2,857,624)	(3,023,281)
Expected return on plan assets	2,520,465	3,680,225
Actuarial losses in other comprehensive income	-	(829,225)
Changes in national pension fund	3,189	34,440
Transfer in from (to) related parties	(991,136)	5,419,084
Payment of deposit on national pension fund	(8,639)	(31,946)
Ending balance	<u>₩ 110,345,342</u>	<u>111,679,087</u>

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18. Employee Benefits, Continued

(6) Expenses for employee benefits for the three- and six-month periods ended June 30, 2012 and 2011 were as follows:

		June 30, 2012		June 30, 2011	
		Three-month	Six-month	Three-month	Six-month
Current service cost	₩	8,374,298	16,803,927	7,253,215	14,506,430
Expected return on plan assets		(1,260,232)	(2,520,465)	(897,674)	(1,795,347)
Interest cost		1,860,883	3,721,766	1,406,795	2,813,589
Total	₩	8,974,949	18,005,228	7,762,336	15,524,672

(7) The details of expenses for the three- and six-month periods ended June 30, 2012 and 2011 were as follows:

		June 30, 2012		June 30, 2011	
		Three-month	Six-month	Three-month	Six-month
Cost of sales	₩	5,239,772	10,247,514	5,202,209	9,886,925
Selling, general and administrative expenses		3,735,177	7,757,714	2,560,127	5,637,747
Total	₩	8,974,949	18,005,228	7,762,336	15,524,672

(8) The Group determined the discount rate based on market returns of blue chip corporate bonds consistent with currencies and estimated payment terms of defined benefit obligations as of the reporting date in order to calculate present value of the defined benefit obligations. Major actuarial assumptions for the six-month period ended June 30, 2012 and the year ended December 31, 2011 were as follows:

	June 30, 2012	December 31, 2011
Expected rate of salary increase	7.35%	7.35%
Discount rate for defined benefit obligations	5.75%	5.75%
Long-term rate of return on assets	5.00%	5.00%

19. Commitments and Contingencies

(1) As of June 30, 2012 the Group has been provided a guarantee of ₩ 1,048 million by Seoul Guarantee Insurance Co., Ltd. in relation to a court deposit and licensing procedures.

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**19. Commitments and Contingencies, Continued**

- (2) In December 2005, Samsung Motor Inc's Creditors ("the Creditors") filed a civil action lawsuit against Mr. Kun Hee Lee, chairman of Samsung Electronics Co., Ltd. and 28 Samsung Group affiliates including the Group, which seeks ₩ 2,450,000 million and damages for breach of contract and etc. based on the agreement entered in September 1999. During the year ended Dec 31, 2010, shares of Samsung Life Insurance Co., Ltd. ("SLI") owned by the creditors were disposed of and ₩ 877,600 million was deposited into an escrow account and majority of the claims for this case were settled. The deposited amount of ₩ 877,600 million was the summation of surplus over ₩ 70,000 per disposed share. On January 11, 2011, the Seoul High Court sentenced Samsung Group affiliates to pay ₩ 600,000 million and late payment penalty. In accordance with the Seoul High Court order, ₩ 620,400 million (which includes penalties and interest owed) was paid to the Creditors from the funds held in escrow. Samsung Group affiliates including the Company and the Creditors all have appealed to the Korean Supreme Court. The Group is unable to reasonably predict effects on the consolidated financial statements as the ultimate outcome of this case and the amount burden to the Group are uncertain.
- (3) The Group is under investigation for the collusion from the European Union and the relevant authorities in various countries. In addition, buyers from the United States and three other nations filed a civil lawsuit against the Group for damages from the collusion. The Group has recognized estimated losses on this investigation for the six-month period ended June 30, 2012. The actual loss that the Group will finally incur could be significantly different from the estimation. While the amount and the timing of outflow of resources from the litigations are uncertain, the impact on the consolidated financial statements cannot be reasonably estimated. Certain information as required by the related K-IFRSs has not been disclosed as such disclosures may be prejudicial to the outcome of the investigation.
- (4) In addition to the litigation described in (2), (3) above, as of June 30, 2012, the Group is a defendant in six cases in domestic and foreign jurisdictions arising from the ordinary course of business. However, certain information as required by the related K-IFRSs has not been disclosed as such disclosures may be prejudicial to the outcome of these cases. While the amount and the timing of outflow of resources from the litigations are uncertain, as of June 30, 2012, the impact on the consolidated financial statements cannot be reasonably estimated.
- (5) As of June 30, 2012, the Group has entered into agreements with Shinhan Bank and seven other banks in relation to bank overdrafts for up to maximum of ₩ 26,100 million, USD 50,000 thousand, EUR 50,000 thousand, CNY 1,000,000 thousand.
- (6) As of June 30, 2012, the Group has entered into agreements with Korea Exchange Bank and another bank in relation to trade finance for up to a maximum of ₩ 80,000 million and agreements with Woori Bank and three other banks in relation to import credits for up to a maximum of USD 85,700 thousand.
- (7) As of June 30, 2012, the Group has entered into agreements with Agricultural Bank of China to discount trade notes receivable for up to a maximum of CNY 300,000 thousand, and agreements with Woori Bank and eight other banks to discount export trade accounts receivable for up to a maximum of USD 715,000 thousand and MYR 168,000 thousand.
- (8) As of June 30, 2012, the Group has entered into agreements with Woori Bank and three other banks in relation to accounts receivable loan for up to a maximum of ₩ 94,000 million.
- (9) In accordance with technical license agreements, the Group recorded royalty expenses of ₩ 20,692 million and ₩ 24,585 million for six-month periods ended June 30, 2012 and 2011, respectively.
- (10) In accordance with technology usage agreements, the Group recorded royalty income of ₩ 1,139 million for the six-month periods ended June 30, 2012 and 2011, respectively.

**19. Commitments and Contingencies, Continued**

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(11) As of June 30, 2012, the Group provides a guarantee up to a maximum of ₩ 15,503 million relating to the borrowings for rental housing to its employees.

**20. Capital Stock and Capital Surplus**

(1) Capital stock

Common shares and preferred shares issued and outstanding as of June 30, 2012 and December 31, 2011 are summarized as follows:

<i>(In shares)</i>	<b>2012</b>		
	<b>Issued shares</b>	<b>Treasury shares</b>	<b>Outstanding shares</b>
<b>Classification</b>			
<b>Common shares</b>			
January, 1	45,558,341	2,228,989	43,329,352
Exercise of share option	-	(33,140)	(33,140)
June, 30	<u>45,558,341</u>	<u>2,195,849</u>	<u>43,362,492</u>
<b>Preferred shares</b>	<u>1,617,896</u>	<u>108,400</u>	<u>1,509,496</u>

<i>(In shares)</i>	<b>2011</b>		
	<b>Issued shares</b>	<b>Treasury shares</b>	<b>Outstanding shares</b>
<b>Classification</b>			
<b>Common shares</b>			
January, 1	45,558,341	2,326,159	43,232,182
Exercise of share option	-	(97,170)	97,170
December, 31	<u>45,558,341</u>	<u>2,228,989</u>	<u>43,329,352</u>
<b>Preferred shares</b>	<u>1,617,896</u>	<u>108,400</u>	<u>1,509,496</u>

(2) Capital surplus as of June 30, 2012 and December 31, 2011 are summarized as follows:

<i>(In thousands of won)</i>	<b>June 30, 2012</b>		<b>December 31, 2011</b>
		<u>₩</u>	<u>₩</u>
Capital in excess of par value	₩	1,195,810,753	1,195,810,753
Other capital surpluses		<u>62,629,365</u>	<u>62,309,221</u>
Total	₩	<u>1,258,440,118</u>	<u>1,258,119,974</u>

(3) Dividends declared by the Parent Company during the six-month period ended June 30, 2012 are summarized as follows. There is no income tax effect relating to these dividends.

<i>(In thousands of won)</i>	<b>2012</b>	
		<u>₩</u>
Common share (₩ 1,500 per share)	₩	64,994,028
Preferred share (₩ 1,550 per share)		<u>2,339,719</u>
Total	₩	<u>67,333,747</u>

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**21. Other Capital**

(1) Other capital as of June 30, 2012 and December 31, 2011 are summarized as follows:

<i>(In thousands of won)</i>		<u>June 30, 2012</u>	<u>December 31, 2011</u>
Treasury shares	₩	(168,229,205)	(170,696,676)
Share options		4,441,280	5,302,000
Total	₩	<u>(163,787,925)</u>	<u>(165,394,676)</u>

(2) As of June 30, 2012, the Group has common stock of 2,195,849 shares and preferred stock of 108,400 shares acquired for market value as treasury (other capital) and the Group is planning to dispose of these shares according to market conditions.

(3) Share based payment

1) The terms and conditions of grants as of June 30, 2012 are summarized as follows:

*(In won, except number of options)*

	<u>Fourth</u>	<u>Sixth</u>
Date of grant	2003. 3. 12	2004. 4. 23
Number of shares granted	94,000	90,000
Remaining shares	7,590	80,359
Exercise Price	67,700	166,900
Payment method	Stock	
Exercisable period	Ten years	
Vesting conditions	Two years of service	

2) The estimated fair value was calculated using the modified fair value method and the assumptions applied to this method are summarized as follows:

	<u>Fourth</u>	<u>Sixth</u>
Risk free rate	5.20%	4.55%
Expected exercise period	3 years	3 years
Expected volatility	56.02%	48.15%
Expected dividend yield	3.58%	1.84%
Expected forfeiture rate	0%	0%



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21. Other Capital, Continued

(3) Share based payment, continued

3) The number and weighted average exercise price of share options as of June 30, 2012 and December 31, 2011 are as follows:

(In won, except number of options)

	June 30, 2012		December 31, 2011	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning	121,089	₩ 131,761	218,259	₩ 100,901
Exercised	33,140	61,228	97,170	62,445
Exercisable at end	87,949	₩ 158,339	121,089	₩ 131,761

The weighted average stock price as of share option exercising date is ₩140,280. The weighted average remaining exercisable period is 1.71 years.

Expenses arising from the above share-based payments were fully recognized in prior periods.

22. Accumulated Other Comprehensive Income

Accumulated other comprehensive income as of June 30, 2012 and December 31, 2011 are summarized as follows:

(In thousands of won)

	June 30, 2012	December 31, 2011
Gain in fair value of available-for-sale financial assets	₩ 1,138,263,576	1,183,655,949
Unrealized holding gain on equity method investments	30,145,999	28,280,747
Unrealized holding loss on equity method investments	(24,926,778)	(23,042,726)
Loss on translation of foreign operations	(22,083,848)	(14,982,169)
Total	₩ 1,121,398,949	1,173,911,801

23. Retained Earnings

Retained earnings as of June 30, 2012 and December 31, 2011 are summarized as follows:

(In thousands of won)

	June 30, 2012	December 31, 2011
Legal reserve	₩ 115,265,000	108,465,000
Discretionary reserve	2,818,228,000	2,965,628,000
Unappropriated retained earnings	827,317,792	536,711,370
Total	₩ 3,760,810,792	3,610,804,370

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24. Selling, General and Administrative Expenses

Details of selling, general and administrative expenses for the three- and six-month periods ended June 30, 2012 and 2011 were as follows:

(In thousands of won)

		June 30, 2012		June 30, 2011	
		Three-month	Six-month	Three-month	Six-month
Salaries and wages	₩	55,984,053	104,014,921	62,472,651	99,618,297
Retirement and severance benefits		3,735,177	7,757,714	2,811,933	6,723,671
Employee fringe benefits		13,996,712	27,383,244	17,658,960	28,179,895
Depreciation		18,813,312	37,493,893	12,165,255	23,722,696
Research and development expenses		14,512,142	26,744,069	5,145,311	16,739,119
Supplies and repair cost		4,117,511	7,444,290	2,283,563	4,925,349
Power and water cost		2,071,143	4,632,968	1,307,377	2,852,184
Transportation cost		5,920,408	10,556,616	3,612,888	6,411,008
Insurance expenses		3,764,361	7,948,709	3,826,850	7,600,023
Selling and distribution cost		13,989,976	27,203,147	13,880,632	26,860,529
Fees and commissions		18,028,477	36,065,151	13,802,370	28,397,313
Rental expenses		2,527,350	4,469,709	1,707,076	2,947,292
Bad debt expenses		1,051,300	1,470,932	685,454	1,071,031
Others		14,951,819	35,034,728	10,831,995	17,464,729
Total	₩	<u>173,463,741</u>	<u>338,220,091</u>	<u>152,192,315</u>	<u>273,513,136</u>

25. Nature of Expenses

The nature of expenses for the three- and six-month periods ended June 30, 2012 and 2011 were as follows:

(In thousands of won)

		June 30, 2012		June 30, 2011	
		Three-month	Six-month	Three-month	Six-month
Salaries and wages	₩	137,801,045	262,139,160	136,838,801	243,510,749
Retirement and severance benefits		8,974,949	18,005,228	7,980,799	15,743,135
Employee fringe benefits		38,550,916	76,552,465	39,935,406	70,400,833
Depreciation		116,531,106	228,554,584	99,532,276	191,941,698
Amortization		5,836,720	14,931,461	4,689,413	9,442,160
Total	₩	<u>307,694,736</u>	<u>600,182,898</u>	<u>288,976,695</u>	<u>531,038,575</u>

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26. Other Income and Other Expenses

(1) Other income for the three- and six-month periods ended June 30, 2012 and 2011 were as follows:

(In thousands of won)

		June 30, 2012		June 30, 2011	
		Three-month	Six-month	Three-month	Six-month
Dividends income	₩	-	19,145,705	-	18,730,200
Rental income		95,465	187,315	74,157	135,440
Reversal of allowance for doubtful accounts		257,804	26,904	-	-
Gain on disposal of associates and joint ventures		9,810	9,810	285,734	123,836,711
Gain on sale of property, plant and equipment		475,158	618,675	21,286,549	22,123,950
Gain on sale of investment assets		610,718	610,718	2,355,429	3,164,241
Reversal of loss on impairment of property, plant and equipment		-	-	795,051	8,142,547
Miscellaneous income		3,131,153	36,939,560	13,454,916	40,571,801
Total	₩	4,580,108	57,538,687	38,251,836	216,704,890

(2) Other expenses for the three- and six-month periods ended June 30, 2012 and 2011 were as follows:

(In thousands of won)

		June 30, 2012		June 30, 2011	
		Three-month	Six-month	Three-month	Six-month
Bad debt expenses-other	₩	-	-	52,353	95,362
Donation		101,339	248,247	118,371	186,352
Loss on disposal of associates and joint ventures		-	-	838,244	838,244
Loss on disposal of property, plant and equipment		58,994	945,739	255,441	664,167
Loss on impairment for property, plant and equipment		1,130,621	1,130,621	16,842	16,842
Loss on disposal of intangible assets		-	-	4	4
Loss on sale of investment assets		-	-	15,482	15,482
Miscellaneous losses		1,947,290	3,703,820	3,272,691	129,453,752
Total	₩	3,238,244	6,028,427	4,569,428	131,270,205

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27. Finance Income and Finance Costs

(1) Finance income and costs for the three- and six-month periods ended June 30, 2012 were as follows:

(In thousands of won)

		Interest income / expense		Foreign currency transaction gain / loss		Foreign currency translations gain / loss		Other comprehensive income / loss	
		Three-month	Six-month	Three-month	Six-month	Three-month	Six-month	Three-month	Six-month
Cash and cash equivalents	₩	4,727,261	9,349,591	1,685,969	(519,516)	(222)	541	-	-
Loans and receivables		60,914	139,413	24,341,147	8,292,971	(12,355,448)	(8,968,747)	-	-
Available-for-sale financial assets		-	-	-	-	-	-	(176,363,301)	(45,392,373)
Financial instruments		260,627	1,434,009	163	(10,826)	3,082	(186)	-	-
Other financial liabilities		(5,294,106)	(10,836,080)	(26,734,069)	(7,864,972)	9,716,249	2,351,828	-	-
Total	₩	(245,304)	86,933	(706,790)	(102,343)	(2,636,339)	(6,616,564)	(176,363,301)	(45,392,373)

(2) Finance income and costs for the three- and six-month periods ended June 30, 2011 were as follows:

(In thousands of won)

		Interest income / expense		Foreign currency transaction gain / loss		Foreign currency translations gain / loss		Other comprehensive income / loss	
		Three-month	Six-month	Three-month	Six-month	Three-month	Six-month	Three-month	Six-month
Cash and cash equivalents	₩	4,547,194	10,879,526	837,012	(3,165,096)	(177)	(161)	-	-
Loans and receivables		(10,751)	69,951	(22,322,227)	(31,962,294)	1,919,689	(8,601,129)	-	-
Available-for-sale financial assets		-	-	-	-	-	-	122,254,086	78,528,197
Financial instruments		399,852	959,729	736	823	(6,118)	35,044	-	-
Other financial liabilities		(4,534,388)	(8,658,491)	11,007,680	15,572,168	759,857	6,583,085	-	-
Total	₩	401,907	3,250,715	(10,476,799)	(19,554,399)	2,673,251	(1,983,161)	122,254,086	78,528,197

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28. Income Tax Expense

Income tax expenses for the three- and six-month periods ended June 30, 2012 and 2011 were as follows:

(In thousands of won)

	June 30, 2012		June 30, 2011	
	Three-month	Six-month	Three-month	Six-month
Current income taxes	₩ 34,560,728	43,261,717	5,436,221	9,549,842
Deferred income taxes from changes in temporary differences	22,514,078	68,360,632	33,061,211	66,294,067
Deferred income taxes from changes in tax credit carryforward	(7,755,276)	(17,061,575)	(4,055,612)	(14,280,349)
Deferred income taxes from changes in loss carryforward	639,849	2,064,417	1,280,615	2,538,486
Deferred income taxes recorded in stockholders' equity	(15,179)	(102,209)	(128,911)	(284,905)
Others	210,135	24,808	133,944	133,914
Income tax expense	₩ <u>50,154,335</u>	<u>96,547,790</u>	<u>35,727,468</u>	<u>63,951,055</u>

29. Earnings Per Share

(1) Basic earnings per share

1) Basic earnings per share for the three- and six-month periods ended June 30, 2012 and 2011 were as follows:

(In thousands of won, except earnings per share)

	June 30, 2012		June 30, 2011	
	Three-month	Six-month	Three-month	Six-month
Net income attributable to owners of the Parent Company	₩ 105,329,378	217,340,169	86,512,997	165,225,659
Weighted average number of common shares outstanding (basic)	43,361,089	43,352,930	43,291,648	43,270,754
Basic earnings per share (won)	₩ <u>2,429</u>	<u>5,013</u>	<u>1,998</u>	<u>3,818</u>

2) Weighted average number of common shares outstanding is calculated as follows:

(In shares)

	June 30, 2012		June 30, 2011	
	Three-month	Six-month	Three-month	Six-month
Issued ordinary shares at January 1	45,558,341	45,558,341	45,558,341	45,558,341
Treasury stock	(2,197,252)	(2,205,411)	(2,266,693)	(2,287,587)
Weighted average number of common shares outstanding (basic)	<u>43,361,089</u>	<u>43,352,930</u>	<u>43,291,648</u>	<u>43,270,754</u>

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29. Earnings Per Share, Continued

(2) Diluted earnings per share

1) Diluted earnings per share for the three- and six-month periods ended June 30, 2012 and 2011 were as follows:

(In thousands of won, except earnings per share)

	June 30, 2012		June 30, 2011	
	Three-month	Six-month	Three-month	Six-month
Net income attributable to owners of the Parent Company	₩ 105,329,378	217,340,169	86,512,997	165,225,659
Weighted average number of common shares outstanding (diluted)	43,365,787	43,362,171	43,350,136	43,338,705
Diluted earnings per share (won)	₩ 2,429	5,012	1,996	3,812

2) Weighted average number of common shares outstanding (diluted) is calculated as follows:

(In shares)

	June 30, 2012		June 30, 2011	
	Three-month	Six-month	Three-month	Six-month
Weighted average number of common shares outstanding (basic)	43,361,089	43,352,930	43,291,648	43,270,754
Effect of share options on issue (unexercised)	3,927	3,927	50,962	47,198
Effect of share options on issue (exercised)	771	5,314	7,526	20,753
Weighted average number of common shares outstanding (diluted)	43,365,787	43,362,171	43,350,136	43,338,705

(3) Anti-dilutive potential common shares

There are potentially dilutive share options which were not included in the calculation of the diluted earnings per share due to their anti-dilutive effect for the six-month period ended June 30, 2012. Details of these share options were as follows:

Item	Exercise period	Number of shares to be issued	Exercise price
Share options (6 <sup>th</sup> )	Apr. 24, 2006 to Apr. 23, 2014	80,359	₩ 166,900 per share

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30. Related Parties

(1) Significant transactions with related parties for the six-month periods ended June 30, 2012 and 2011 were as follows:

(In thousands of won)

		2012		2011	
		Revenues	Expenses	Revenues	Expenses
<b>Major shareholder</b>					
Samsung Electronics Co., Ltd. ("SEC")	₩	121,556,150	45,802,049	152,333,595	37,978,563
<b>Jointly controlled entities</b>					
SBL		19,907,261	2,551,905	12,738,947	824,352
<b>Associates</b>					
SMD		38,162,115	8,935	29,243,784	-
SERI		-	788,555	-	1,033,250
Samsung Japan Co., Ltd.		39,375,028	57,072,334	51,663,717	109,409,185
Samsung International Inc.		368,705,968	6,219,152	326,552,173	-
Samsung Electronics Display (M) SDN. OMD. (HSD)		88,782,176	-	73,606,400	-
Samsung Electronics Vietnam Co., Ltd.		121,084,505	-	28,648,457	-
Tianjin Samsung Electronics Co., Ltd.		47,701,462	-	24,145,717	-
Samsung Electronics Suzhou Computer Co., Ltd.		96,089,097	-	90,647,858	-
Samsung Electronics Hungarian Rt.		175,371,417	-	158,461,911	-
Thai-Samsung Electronics Co., Ltd.		79,711,647	-	52,883,303	-
Other associates		262,396,718	81,238,831	249,541,919	37,151,575
Total	₩	1,458,843,544	193,681,761	1,250,467,781	186,396,925

(2) Details of significant account balances with related parties as of June 30, 2012 and December 31, 2011 are as follows:

(In thousands of won)

		2012		2011	
		Receivables	Payables	Receivables	Payables
<b>Major shareholder</b>					
Samsung Electronics Co., Ltd. ("SEC")	₩	37,134,608	6,462,354	31,658,084	8,227,956
<b>Jointly controlled entities</b>					
SBL		5,915,339	1,457,459	5,902,170	220,555
<b>Associates</b>					
SMD		2,553,037	941	4,190,057	3,779
SERI		-	215,540	-	83,547
Samsung Japan Co., Ltd.		183,255	331,164	6,702,181	19,926,433
Samsung International Inc.		21,574,717	86,637	14,370,524	372,428
Samsung Electronics Display (M) SDN. OMD. (HSD)		10,923,003	-	7,259,661	-
Samsung Electronics Vietnam Co., Ltd.		32,319,720	-	35,908,977	-
Tianjin Samsung Electronics Co., Ltd.		13,277,134	-	24,706,020	3,924
Samsung Electronics Suzhou Computer Co., Ltd.		29,567,204	-	23,994,874	-
Samsung Electronics Hungarian Rt.		12,016,150	-	14,822,465	-
Thai-Samsung Electronics Co., Ltd.		9,720,365	-	4,556,979	-
Other associates		78,707,382	24,615,872	59,625,839	22,418,319
Total	₩	253,891,914	33,169,967	233,697,831	51,256,941

30. Related Parties, Continued

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(3) Personnel compensation in total to registered officers (the “Key management”) who have the authority and responsibility in the planning, directing, and control of the Group is ₩ 1,074 million and ₩ 1,420 million, for the six-month periods ended June 30, 2012 and 2011, respectively. As of June 30, 2012 and December 31, 2011, liabilities related to long-term employee benefits are ₩ 2,564 million and ₩ 2,112 million, respectively. In addition, liabilities related to retirement benefits as of June 30, 2012 and December 31, 2011 are ₩ 4,231 million and ₩ 2,700 million, respectively.

**31. Calculation of Net Income Attributable to Owners of the Parent Company and Non-controlling Interests**

Net income attributable to owners of the Company and non-controlling interests for the six-month period ended June 30, 2012 was calculated as follows:

*(In thousands of won, except percentage of ownership)*

	<b>Percentage of non-controlling interests</b>	<b>Amount</b>
Net income		₩ 234,957,114
Net income attributable to owners of the Parent Company		217,340,169
Net income attributable to non-controlling interests		17,616,945
SDIA	8.30%	427,890
SDIM	8.30%	220,186
SDI(M)	31.40%	3,554,698
SSDI	23.30%	3,201,906
TSDI	23.30%	7,701,450
SDIHK	4.10%	5,340
SSED	42.10%	2,495,143
SDIB	4.10%	11,617
SVIC 15	1.00%	(1,285)

**32. Subsequent Events**

On July 1, 2012, Samsung Mobile Display Co., Ltd. (SMD), the Group’s associate, has been merged into Samsung Display Co., Ltd. which is the surviving company. As the consideration for merger, the Group has received 1.6487702 shares of surviving company for each owned share of SMD and retained 15.2% of surviving company’s share after the merger.