



SAMSUNG ELECTRONICS Co., Ltd.
Half Year Report
January 1, 2014 – June 30, 2014

Note about forward-looking statements

Certain statements in the document, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are “forward-looking statements.” Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. A detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in our financial reports available on our website.

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Certification

Letter of Certification


We, Oh-Hyun Kwon and Sang-Hoon Lee, as CEO and director of the company in charge of reporting, certify that we have reviewed this half year report of Samsung Electronics Co., Ltd.

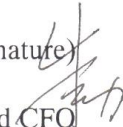
Based on our knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary that would be misleading with respect to the period covered by this report.

Based on our knowledge, the financial statements, and other financial information included in the report, fairly present in all materials respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report.

We confirm that Samsung Electronics operates an Internal Accounting Management System, responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting, as defined in Article 2.2 and 2.3 of the External Audit Act. We have disclosed our most recent evaluation of internal controls over financial reporting to the Company's auditors and to the audit committee of the Company's board of directors.

Date: 2014. 8. 14

Oh-Hyun Kwon (signature) 
Vice Chairman and CEO,
Samsung Electronics Co., Ltd.

Director responsible for reporting: Sang-Hoon Lee (signature) 
President and CFO
Samsung Electronics Co., Ltd.

I. Corporate Overview

1. Overview

A. Legal, Commercial Name:

- Samsung Electronics Co., Ltd.

B. Date of Establishment:

- Samsung Electronics (“SEC” or “The Company”) was established as Samsung Electronics Industry Co., Ltd. on January 13, 1969, held an Initial Public Offering on June 11, 1975.
- The Company changed its name from Samsung Electronics Industry Co., Ltd. to Samsung Electronics Co., Ltd. in accordance with the resolution of the Annual General Meeting of Shareholders on February 28, 1984.

C. Address, Phone Number, and Website of the corporate headquarter

- Address: 129 Samsung-ro Maetan-3dong Yeongtong-gu, Suwon, Gyeonggi-do, Korea
- Phone Number: 82-31-200-1114
- Website: [http:// www.samsung.com/us](http://www.samsung.com/us)

D. The Company is not subject to Article 2 of the Framework Act on Small and Medium Enterprises.

E. Core Businesses

- The Company independently manages three divisions, CE (Consumer Electronics), IM (Information Technology & Mobile Communications), DS (Device Solutions).

Products in each division are presented below:

Division	Products
CE	CTV, Monitor, Printer, Air Conditioner, Refrigerator, Washing Machine, Medical Devices
IM	HHP, Network System, Computer, Digital Camera
DS	DRAM, NAND Flash, Mobile AP, LCD panel, OLED panel, LED

The Company is a global electronics company comprised of the headquarters in Korea and 150 subsidiaries across the world including 9 regional headquarters for the CE and IM divisions and 5 regional headquarters for the DS division.

[CE Division]

The CE division is leading the global digital era through continuous new product offerings with innovative technology, unique design, and value.

CTV is the core product of the CE. The Company has maintained its market leadership position for the past 8 consecutive years through competitive advantage in hardware products such as LCD and LED TV as well as software driven product features with our Smart TV product portfolio.

[IM Division]

The IM division is leading mobile lifestyle innovation with consumer-friendly products such as the premium brand 'GALAXY' series, while at the same time driving the paradigm shift in the market beyond mobile convergence to focus on software.

The IM division is focused on meeting market demands by enhancing mobile product differentiation through integration of key features from various product categories.

In addition to HHP products, including smartphones, the IM division is also leading technological development and standardization in the global networks system market, including Long Term Evolution (LTE).

[DS Division]

The DS division is comprised of semiconductor and display businesses. The semiconductor business is divided into memory and System LSI businesses. The Memory business manufactures and sells DRAM and NAND products. System LSI manufactures Mobile AP (Application Processors) and various sensors including CIS (Central Imaging Sensors). The display business manufactures and sells display panels, including TFT-LCD and OLED.

The memory business produces differentiated products and has maintained number one position in the global memory market by applying advanced process technology. The System LSI business is leading the industry shift from PC to mobile. For display business, the Company is leading the market with technological development and investment resulting in superior quality and cost competitiveness in TFT-LCD and increasing applications of OLED panels in various IT products.

☞ Refer to 『II. Businesses Overview』, for more details about each division

F. Affiliates

The Company is an affiliate of Samsung Group according to the Monopoly Regulation and Fair Trade Act.

As at June 30, 2014, Samsung Group had a total of 73 domestic affiliates. Compared to December 31, 2013, three new affiliates (Samsung Welstory, Samsung Card Customer Service, and Seoul Lakeside CC) were added and five (Samsung Corning Precision Materials, Samsung SNS, Global Tech, 365Homecare, and Samsung Petrochemical) were excluded. Among Samsung Group's 73 affiliates, 17 including Samsung Electronics are listed, and 56 are unlisted.

[As of June 30, 2014]

	No. of affiliates	Name of affiliates
Listed	17	Samsung C&T, Cheil Industries, Samsung Electronics, Samsung SDI, Samsung Techwin, SEMCO, Samsung Heavy Industries, Samsung Card, Samsung Life Insurance, Hotel Shilla, Samsung Fire & Marine Insurance, Samsung Securities, Samsung Fine Chemicals, Samsung Engineering, S1, Cheil Worldwide, CREDU
Unlisted	56	Samsung Everland, Samsung SDS, Samsung General Chemicals, Samsung Total Petrochemicals, Samsung Lions, SERI, STECO, Samsung Thales, SEMES, Samsung Electronics Sales, Samsung Electronics Service, Samsung Electronics Logitech, Hantok Chemicals, CVnet Corporation, Care Camp, Allat., SECUI, Gacchinet, Open Tide Korea, Samsung Futures, Samsung Venture Investment Corporation, Samsung Asset Management, Saengbo, SD Flex, World Cyber Games, Samsung Claim Adjustment Service, Samsung Fire & Marine Insurance Service, S-Core, Suwon Samsung Bluewings FC, Human TSS, RAY, Songdo Land Mark City, S-1CRM, OpenHands, S-EnPol, Samsung Medison, Samsung Biologics, SMP, STM, Nuri Solution, Colombo Korea, Samsung Life Service, Miracom, SU Materials, Natural9, Samsung Display, Samsung Bioepis, Samsung Corning Advanced Glass, Daejung Offshore Wind Power Co., Ltd., SAMSUNG SRA Asset Management, Jeongahm Wind Power, SKKU dormitory, Samsung SGL Carbon Composite Materials, Samsung Welstory, Samsung Card Customer Service, Seoul Lakeside CC
Total	73	

※ "World Cyber Games" ceased to be an affiliate in July 2014.

☞ Refer to 『4. Affiliates and Subsidiaries』 in 『IV. Corporate Governance and Affiliates』 for more details about domestic and overseas affiliates.

G. Subsidiaries Subject to Consolidated Financial Statements

As at June 30, 2014, Samsung Electronics' consolidated subsidiaries totaled 150 with one subsidiary being newly included and four excluded compared to December 31, 2013. Below is the list of consolidated subsidiaries.

(Unit: KRW million)

Name of Subsidiaries	Date of Establishment	Major business	Dec 31, 2013 Assets	% ownership	Classified as major subsidiary (Y/N)
Samsung Electronics America Inc.	1978.07	Sale of electronic goods	12,248,560	Over 50%	Y
Samsung Receivables Corporation	1998.03	Receivable management	2,780,689	Over 50%	Y
Samsung Semiconductor Inc.	1983.07	Sale of electronic goods	7,346,339	Over 50%	Y
Samsung Electronics Canada Inc.	1980.07	Sale of electronic goods	522,775	Over 50%	Y
Samsung Information Systems America Inc.	1988.10	R&D	184,101	Over 50%	Y
Grandis, Inc.	2002.06	R&D	108,037	Over 50%	Y
Samsung International Inc.	1983.10	CTV production	34,424	Over 50%	N
Samsung Mexicana S.A. de C.V	1988.03	Production of electronic goods	1,065,830	Over 50%	Y
Samsung Electronics Digital Appliance Mexico, SA de CV	2012.12	Production of electronic goods	503,513	Over 50%	Y
Samsung Telecommunications America LLC.	1992.01	Sale of telecom products	4,735,432	Over 50%	Y
Samsung Austin Semiconductor LLC.	1996.02	Production of semiconductors	6,393,348	Over 50%	Y
SEMES America Inc.	1998.10	Semiconductor equipment	1,090	Over 50%	N
Samsung Electronics Mexico S.A. De C.V.	1995.07	Production and sale of electronic goods	1,554,638	Over 50%	Y
Samsung Electronics Latino America Miami, Inc.	1995.05	Sale of electronic goods	259,165	Over 50%	Y
Nvelo, Inc.	2010.05	Software	1,519	Over 50%	N
Samsung Electronics Latinoamerica (Zona Libre)	1989.04	Sale of electronic goods	375,274	Over 50%	Y
Samsung Electronics Venezuela, C.A.	2010.05	Marketing and services	8,928	Over 50%	N
Samsung Electronica Colombia S.A.	1997.03	Sale of electronic goods	327,320	Over 50%	Y
Samsung Electronics Panama. S.A.	2012.07	Consulting	3,549	Over 50%	N
Samsung Electronica Da Amazonia LTDA.	1994.10	Production and sale of electronic goods	3,429,136	Over 50%	Y
Samsung Electronics Argentina S.A.	1996.06	Marketing and services	49,454	Over 50%	N
Samsung Electronics Chile Limitada	2002.12	Sale of electronic goods	492,709	Over 50%	Y
Samsung Electronics Peru S.A.C.	2010.04	Sale of electronic goods	150,228	Over 50%	Y
Samsung Electronics (UK) Ltd.	1995.07	Sale of electronic goods	1,393,507	Over 50%	Y
Samsung Electronics(London) Ltd.	1999.01	Holding company	7,647	Over 50%	N
Samsung Electronics Holding GmbH	1982.02	Holding company	886,338	Over 50%	Y
Samsung Semiconductor Europe GmbH	1987.12	Sale of semiconductors and DP	1,016,296	Over 50%	Y
Samsung Electronics GmbH	1984.12	Sale of electronic goods	1,214,277	Over 50%	Y
Samsung Electronics Iberia, S.A.	1989.01	Sale of electronic goods	783,438	Over 50%	Y
Samsung Electronics France S.A.S	1988.01	Sale of electronic goods	1,157,900	Over 50%	Y
Samsung Electronics Hungarian Private Co. Ltd.	1989.10	Production and sale of electronic goods	1,249,691	Over 50%	Y
Samsung Electronics Czech and Slovak s.r.o.	2010.01	Sale of electronic goods	170,011	Over 50%	Y
Samsung Electronics Italia S.P.A.	1991.04	Sale of electronic goods	1,004,423	Over 50%	Y
Samsung Electronics Europe Logistics B.V.	1991.05	Logistics	1,903,892	Over 50%	Y
Samsung Electronics Benelux B.V.	1995.07	Sale of electronic goods	1,290,124	Over 50%	Y
Samsung Display Slovakia s.r.o.	2007.03	TFT-LCD processing	299,196	Over 50%	Y
Samsung Electronics Romania LLC	2007.09	Sale of electronic goods	144,702	Over 50%	Y
Samsung Electronics Polska, SP.Zo.o	1996.04	Sale of electronic goods	557,370	Over 50%	Y
Samsung Electronics Portuguesa S.A.	1982.09	Sale of electronic goods	132,631	Over 50%	Y
Samsung Electronics Nordic Aktiebolag	1992.03	Sale of electronic goods	533,252	Over 50%	Y

Name of Subsidiaries	Date of Establishment	Major business	Dec 31, 2013 Assets	% ownership	Classified as major subsidiary (Y/N)
Samsung Nanoradio Design Center	2004.02	R&D	21,737	Over 50%	N
Samsung Semiconductor Europe Ltd.	1997.04	Sale of semiconductor and DP	98,884	Over 50%	Y
Samsung Electronics Austria GmbH	2002.01	Sale of electronic goods	323,756	Over 50%	Y
Samsung Electronics Slovakia s.r.o	2002.06	Production of CTV and monitors	1,764,078	Over 50%	Y
Samsung Electronics European Holding Cooperatief U.A.	2008.10	Holding company	5,780,302	Over 50%	Y
Samsung Electronics Poland Manufacturing SP.Zo.o	2010.02	Production of home appliances	373,469	Over 50%	Y
Samsung Electronics Greece S.A.	2010.04	Sale of electronic goods	108,514	Over 50%	Y
Nanoradio Hellas AE	2007.11	R&D	21,737	Over 50%	N
Samsung Denmark Research Center ApS	2012.09	R&D	22,520	Over 50%	N
Samsung France Research Center SARL	2012.10	R&D	22,406	Over 50%	N
Samsung Cambridge Solution Centre Limited	2012.09	R&D	132,919	Over 50%	Y
Samsung Electronics Baltic SIA	2001.10	Sale of electronic goods	44,495	Over 50%	N
Samsung Electronics Overseas B.V.	1997.01	Sale of electronic goods	173,644	Over 50%	Y
Samsung Electronics Rus LLC	1999.03	Marketing	12,392	Over 50%	N
Samsung Electronics Rus Company LLC	2006.10	Sale of electronic goods	1,410,054	Over 50%	Y
Samsung Electronics Ukraine LLC	2004.01	Marketing	79	Over 50%	N
Samsung Electronics Ukraine Company LLC	2008.09	Sale of electronic goods	189,644	Over 50%	Y
Samsung R&D Institute Rus LLC	2011.11	R&D	13,767	Over 50%	N
Samsung Electronics Kazakhstan LLP	2006.07	Marketing	964	Over 50%	N
Samsung Electronics Central Eurasia LLP	2008.09	Sale of electronic goods	161,062	Over 50%	Y
Samsung Electronics Rus Kaluga LLC	2007.07	Production of CTV	1,122,495	Over 50%	Y
Samsung Russia Service Centre LLC	1997.11	Service	41,567	Over 50%	N
Samsung Electronics West Africa	2010.03	Marketing	61,414	Over 50%	Y
Samsung Electronics East Africa	2011.12	Marketing	26,006	Over 50%	N
Samsung Gulf Electronics Co., Ltd.	1995.05	Sale of electronic goods	1,071,694	Over 50%	Y
Samsung Electronics Egypt S.A.E	2012.07	Production and sale of electronic goods	251,866	Over 50%	Y
Samsung Electronics Israel Ltd.	2012.09	Marketing	3,150	Over 50%	N
Samsung Electronics Tunisia S.A.R.L	2012.09	Marketing	1,667	Over 50%	N
Samsung Electronics Pakistan(Private) Ltd.	2012.11	Marketing	1,814	Over 50%	N
Samsung Electronics South Africa(Pty) Ltd.	1994.06	Sale of electronic goods	787,562	Over 50%	Y
Samsung Electronics Turkey	1984.12	Sale of electronic goods	674,173	Over 50%	Y
Samsung Semiconductor Israel R&D Center Ltd.	2007.10	R&D	22,940	Over 50%	N
Samsung Electronics Levant Co.,Ltd.	2009.07	Sale of electronic goods	403,713	Over 50%	Y
Samsung Electronics Morocco SARLAU	2009.11	Sale of electronic goods	88,406	Over 50%	Y
Samsung Japan Corporation	1975.12	Sale of electronic goods	1,174,832	Over 50%	Y
Samsung R&D Institute Japan Co. Ltd	1992.08	R&D	181,723	Over 50%	Y
Samsung Electronics Japan Co., Ltd.	2008.09	Sale of electronic goods	712,050	Over 50%	Y
Samsung Electronics Display (M) Sdn. Bhd.	1995.03	Production and sale of electronic goods	814,820	Over 50%	Y
Samsung Electronics (M) Sdn. Bhd.	1989.09	Production of home appliances	277,354	Over 50%	Y
Samsung Vina Electronics Co., Ltd.	1995.01	Production and sale of electronic goods	175,780	Over 50%	Y
Samsung Asia Private Ltd.	2006.07	Sale of electronic goods	2,425,585	Over 50%	Y
Samsung India Electronics Private Ltd.	1995.08	Production and sale of electronic goods	1,924,832	Over 50%	Y
Samsung R&D Institute India-Bangalore Private Ltd.	2005.05	R&D	147,900	Over 50%	Y
Samsung Electronics Australia Pty. Ltd.	1987.11	Sale of electronic goods	578,624	Over 50%	Y

Name of Subsidiaries	Date of Establishment	Major business	Dec 31, 2013 Assets	% ownership	Classified as major subsidiary (Y/N)
PT Samsung Electronics Indonesia	1991.08	Production and sale of electronic goods	647,199	Over 50%	Y
PT Samsung Telecommunications Indonesia	2003.03	Sale of telecom systems and services	15,944	Over 50%	N
Thai-Samsung Electronics Co., Ltd.	1988.10	Production and sale of electronic goods	1,476,296	Over 50%	Y
Samsung Electronics Philippines Corporation	1996.03	Sale of electronic goods	127,203	Over 50%	Y
Samsung Malaysia Electronics (SME) Sdn. Bhd.	2003.05	Sale of electronic goods	814,104	Over 50%	Y
Samsung R&D Institute BanglaDesh	2010.08	R&D	6,662	Over 50%	N
Samsung Electronics Vietnam Co., Ltd.	2008.03	Production of electronic goods	5,625,759	Over 50%	Y
Samsung Telecommunications Malaysia Sbn. Bhd.	2009.08	Sale of telecom systems and services	11,593	Over 50%	N
Samsung Display DongGuan Co., Ltd.	2001.11	DP production	1,015,838	Over 50%	Y
Samsung Display TianJin Co., Ltd.	2004.06	DP production	650,311	Over 50%	Y
Samsung Electronics Hong Kong Co., Ltd.	1988.09	Sale of electronic goods	1,188,620	Over 50%	Y
Suzhou Samsung Electronics Co., Ltd.	1995.04	Production of home appliances	645,699	Over 50%	Y
Samsung Suzhou Electronics Export Co., Ltd.	1995.04	Production of home appliances	352,780	Over 50%	Y
Samsung (CHINA) Investment Co., Ltd.	1996.03	Sale of electronic goods	8,406,438	Over 50%	Y
Samsung Mobile R&D Center, China-Guangzhou	2010.01	R&D	38,323	Over 50%	N
Samsung Tianjin Mobile Development Center	2010.08	R&D	28,245	Over 50%	N
Samsung Electronics Suzhou Semiconductor Co., Ltd.	1994.12	Semiconductor processing	660,374	Over 50%	Y
Samsung Electronics (Shandong) Digital Printing Co., Ltd.	1993.03	Production of printers	761,018	Over 50%	Y
Samsung Electronics Huizhou Co., Ltd.	1992.12	Production of electronic goods	4,599,200	Over 50%	Y
Tianjin Samsung Electronics Co., Ltd.	1993.04	Production of CTV	907,752	Over 50%	Y
Samsung Electronics Taiwan Co., Ltd.	1994.11	Sale of electronic goods	1,390,404	Over 50%	Y
Beijing Samsung Telecom R&D Center	2000.09	R&D	44,780	Over 50%	N
Tianjin Samsung Telecom Technology Co., Ltd.	2001.03	Production of telecom products	2,939,027	Over 50%	Y
Shanghai Samsung Semiconductor Co., Ltd.	2001.10	Sale of semiconductor and DP	1,310,109	Over 50%	Y
Samsung Electronics Suzhou Computer Co., Ltd.	2002.09	Production of electronic goods	846,670	Over 50%	Y
Samsung Display SuZhou Co., Ltd.	2002.09	DP Production	554,424	Over 50%	Y
Samsung Suzhou LCD Co., Ltd	2011.07	DP Production	1,463,589	Over 50%	Y
Shenzhen Samsung Electronics Telecommunication Co., Ltd.	2002.02	Sale of telecom products	88,698	Over 50%	Y
Samsung Electronics Shanghai Telecommunication Co., Ltd.	2001.11	Sale of telecom and network products	1,411	Over 50%	N
Samsung Semiconductor (China) R&D Co., Ltd.	2003.04	R&D	18,982	Over 50%	N
Samsung Electronics China R&D Center	2004.05	R&D	25,429	Over 50%	N
Samsung (China) Semiconductor Co., Ltd.	2012.09	Semiconductor Production	3,752,682	Over 50%	Y
Samsung Electronics Hainan Fiberoptics Co., Ltd.	2004.04	Fiber optic and cable Production	111,367	Over 50%	Y
Samsung Electronics (Beijing) Service Company Ltd.	2005.01	Services	140,868	Over 50%	Y
Tianjin Samsung LED Co., Ltd.	2009.05	LED Productions	457,896	Over 50%	Y
Tianjin Samsung Opto-Electronics Co., Ltd.	1994.02	Camera/camcorder Production	241,957	Over 50%	Y
Samsung Display	2012.04	DP Sales and Production	35,754,894	Over 50%	Y
SU Materials	2011.08	DP component production	21,711	Over 50%	N

Name of Subsidiaries	Date of Establishment	Major business	Dec 31, 2013 Assets	% ownership	Classified as major subsidiary (Y/N)
STECO	1995.06	Semiconductor component production	91,556	Over 50%	Y
SEMES	1993.01	Semiconductor/FPD manufacturing equipment	669,232	Over 50%	Y
Samsung Electronics Service	1998.10	Electronics goods repair services	335,588	Over 50%	Y
Samsung Electronics Sales	1996.07	Sales of electronic goods	564,361	Over 50%	Y
Samsung Electronics Logitech	1998.04	Total logistic services	140,733	Over 50%	Y
SVIC #6 Venture Capital Union	2005.07	Investment in venture firms and new technologies	37,284	Over 50%	N
SVIC #14 Venture Capital Union	2009.05	Investment in venture firms and new technologies	55,465	Over 50%	Y
SVIC #20 Venture Capital Union	2011.03	Investment in venture firms and new technologies	30,532	Over 50%	N
SVIC #21 Venture Capital Union	2011.11	Investment in venture firms and new technologies	61,384	Over 50%	Y
SVIC #22 Venture Capital Union	2011.11	Investment in venture firms and new technologies	93,554	Over 50%	Y
SVIC #23 Venture Capital Union	2012.10	Investment in venture firms and new technologies	10,746	Over 50%	N
Hi Pioneer Private Securities Investment Trust 1	2011.08	Investment in venture firms and new technologies	19,189	Over 50%	N
Samsung Medison	1985.07	Medical equipment	309,321	Over 50%	Y
RAY	2004.10	Dental CT	5,950	Over 50%	N
SONOACE Deutschland GmbH	2001.10	Medical equipment	322	Over 50%	N
Samsung Medison Europe B.V.	2005.11	Medical equipment	602	Over 50%	N
Samsung Medison Shanghai Medical Instrument Co., Ltd.	1992.11	Medical equipment	10,692	Over 50%	N
Samsung Medison India Private Ltd.	2009.01	Medical equipment	96	Over 50%	N
Nexus DX Inc.	2009.07	Medical equipment	15,214	Over 50%	N
Nanogen Recognomics GmbH	2001.07	Medical equipment	-	Over 50%	N
NeuroLogica Corp.	2004.02	Medical equipment	187,297	Over 50%	Y
Samsung Electronics Vietnam THAINGUYEN Co., Ltd.	2013.03	Production of telecom products	590,033	Over 50%	Y
Samsung Network R&D Center, China-Shenzhen	2013.03	R&D	5,738	Over 50%	N
Samsung Electronics Switzerland GmbH	2013.05	Sale of electronic goods	115,759	Over 50%	Y
Samsung R&D Institute China-Xian	2013.07	R&D	8,179	Over 50%	N
SEMES (XIAN) Co., Ltd.	2013.07	Semiconductor equipment	242	Over 50%	N
Samsung Electronics New Zealand Limited	2013.09	Sale of electronic goods	3,163	Over 50%	N
RT SV CO-INVEST, LP	2014.02	Investment in venture firms	-	Over 50%	N

※ Companies with total assets of over KRW50 billion at December 31, 2013 are classified as major subsidiaries.

※ Refer to 『II. Businesses Overview』 for additional information about major business segments.

H. Credit Rating

The Company's credit quality of financial assets that are neither past due nor impaired is assessed by reference to two external credit ratings agencies: Moody's and S&P

As at June 30, 2014, Moody's rating is A1 and investment outlook is positive. S&P's rating is A+ and investment outlook is stable. In 2013, S&P upgraded the Company's credit rating one notch to A+. There have been no changes in crediting rating during the 6 months to June 30, 2014.

Date	Securities	Ratings	Credit Rating Agency	Rating Range	Note
'12.08	Corporate bond	A	S&P (USA)	(AAA ~ D)	Regular Assessment
'12.08	Corporate bond	A1	Moody's (USA)	(Aaa ~ C)	
'13.08	Corporate bond	A+	S&P (USA)	(AAA ~ D)	
'13.12	Corporate bond	A1	Moody's (USA)	(Aaa ~ C)	

2. Company History

(The Information disclosed below outlines major changes to the Company such as business combination, M&A and security offerings)

2010.01.01	Transferred VSS business to Samsung Techwin
2010.04.01	Merged with Samsung Digital Imaging
2011.01.01	Merged with Samsung Electronics Gwangju
2011.02.16	Acquired shares of Prosonic (100%) and Medison (43.5%)
2011.04.19	Signed a comprehensive partnership contract with Seagate including HDD business transfer
2011.04.29	Acquired additional shares of Medison (22.3%)
2011.07.01	Transferred solar cell business to Samsung SDI
2011.07.22	Acquired shares of Grandis (100%), an affiliate of subsidiary SISA (Samsung Information System America)
2012.01.19	Acquired remaining shares of S-LCD Corporation (50%) from SONY
2012.04.01	Separated LCD business (established Samsung Display)
2012.04.01	Merged with Samsung LED
2012.04.10	Corporate bond (\$1 billion) issued by SEA
2012.07.01	Samsung Mobile Display merged with S-LCD (a subsidiary of Samsung Display)
2012.09.01	Merged Prosonic with Samsung Medison
2012.12.01	Acquired SEHF Korea
2013.01.01	Merged SECRON with GES (a subsidiary of SEMES)
2013.01.28	Acquired shares of NeuroLogica (100%) of a subsidiary SEA
2014.01.15	Disposed stocks of Samsung Corning Precision Materials, a subsidiary of Samsung Display. Purchased convertible preferred stocks from Corning Incorporated.

(Changes in Subsidiaries)

	AMER	Europe/ MEA/ CIS	Asia	China	Domestic	Total	Increase	Decrease
Dec 31, 2009	17	39	20	25	15	116	-	-
Dec 31, 2010	19	44	21	27	17	128	<p>[Americas: 2] Samsung Electronics Peru S.A.C., Samsung Electronics Venezuela, C.A.</p> <p>[Europe/MEA/CIS: 5] Samsung Electronics West Africa, Samsung Electronics Greece S.A., Samsung LCD Netherlands R&D Center B.V., Samsung LCD Netherlands R&D Center(UK) Limited, Samsung Opto-Electronics GmbH</p> <p>[Asia: 1] Samsung Electronics Bangladeshi Research Center</p> <p>[China: 4] Samsung Guangzhou Mobile R&D Center, Samsung Tianjin Mobile Development Center, Tianjin Samsung Opto-Electronics Co., Ltd., Samsung LCD Netherlands R&D Center(HK) Limited</p> <p>[Domestic: 2] RAY, GES</p>	<p>[China: 2] Tianjin Tongguang Samsung Electronics, Tianjin Samsung Electronics Display</p>
Dec 31, 2011	26	51	25	30	24	156	<p>[Americas: 7] Samsung Medison Brasil Ltda., Samsung Medison America Inc., Grandis, Inc., Nexus DX Inc., HX Diagnostics, Inc., HX Reagents, Inc., Deltapoint Cardiac Diagnostics, Inc.</p> <p>[Europe/MEA/CIS: 7] SONOACE Deutschland GmbH, Samsung Medison France S.A.S., Samsung Medison Italia S.r.l., Samsung Medison Europe B.V., Samsung Moscow Research Centre, Samsung Electronics East Africa, Nanogen Recognomics GmbH</p> <p>[Asia: 4] Samsung Medison Japan Co., Ltd., Samsung Medison India Private Ltd., Medison Medical Systems India Private Ltd., TNP Small/Medium Size & Venture Enterprises Growth-Promotion Investment Limited Partnership(TSUNAMI)</p> <p>[China: 4] Samsung Medison Shanghai Medical Instrument Co., Ltd., Medison (Shanghai) Co., Ltd., Medison Medical Equipment Shanghai, Samsung Suzhou LCD Co., Ltd.</p> <p>[Domestic: 10] Prosonic, SVIC #20 Venture Capital Union, Samsung Medison, Medison Healthcare, CSL, Medison X-ray, SU Materials, Hi Pioneer Private Securities Investment Trust 1, SVIC #21 Venture Capital Union, SVIC #22 Venture Capital Union</p>	<p>[China: 1] Samsung Electronics Shenzhen Co., Ltd.</p> <p>[Domestic: 3] Samsung Electronics Gwangju, Medison X-ray, CSL</p>
Dec 31, 2012	30	61	23	32	20	166	<p>[Domestic: 2] Samsung Display , SVIC #23 Venture Capital Union</p> <p>[Americas: 8] Samsung LED AMERICA, Inc., mSpot Inc., Nanoradio Inc., Samsung Electronics Panama, S.A, Samsung Electronics Corporativo SA de CV, Samsung Electronics Digital Appliance Mexico SA de CV, Nvelo Inc., Newton Sub. Corp.</p> <p>[Europe/MEA/CIS: 11] Samsung LED Europe GmbH, Samsung Nanoradio Design Center, Nanoradio Hellas AE, General RF Modules AB, Samsung Cambridge Solution Centre Limited, Samsung Denmark Research Center ApS, Samsung Electronics Egypt S.A.E, Samsung Electronics Tunisia S.A.R.L, Samsung Electronics Israel, Samsung France Research Center SARL, Samsung Electronics Pakistan (Private) Ltd.</p> <p>[China: 2] Tianjin Samsung LED Co., Ltd., Samsung (China) Semiconductor Co., Ltd.</p>	<p>[Domestic: 6] Medison Healthcare, Samsung Mobile Display, S-LCD, SVIC #7 Venture Capital Union, Prosonic, SEHF-Korea</p> <p>[America: 4] Samsung LED AMERICA, Inc., HX Diagnostics, Inc., HX Reagents, Inc., Nanoradio Inc.</p> <p>[Europe/MEA/CIS: 1] Samsung LED Europe GmbH,</p> <p>[Asia: 2] Samsung Asia Private Ltd., Samsung Medison Japan Co., Ltd.</p>

※ AMER = Americas; MEA = Middle East and Africa, CIS = Commonwealth of Independent States

	AMER	Europe/ MEA/ CIS	Asia	China	Domestic	Total	Increase	Decrease
Dec 31, 2013	25	55	22	33	18	153	<p>[Americas: 2] NeuroLogica Corp., Intellectual Keystone Technology LLC.</p> <p>[Europe/MEA/CIS: 1] Samsung Electronics Switzerland GmbH</p> <p>[Asia: 2] Samsung Electronics Vietnam THAINGUYEN Co., Ltd., Samsung Electronics New Zealand Ltd.</p> <p>[China: 3] Samsung Network R&D Center China-Shenzhen, Samsung R&D Institute China-Xian, SEMES (XIAN) Co., Ltd.</p>	<p>[Domestic: 2] Secron, GES</p> <p>[Americas: 7] Newton Sub. Corp., mSpot, Inc., Deltapoint Cardiac Diagnostics, Inc., Samsung Medison America, Inc., Intellectual Keystone Technology LLC., Samsung Medison Brasil Ltda., Samsung Electronics Corporativo, SA de CV</p> <p>[Europe/MEA/CIS: 7] Samsung Telecoms (UK) Ltd., Samsung LCD Netherlands R&D Center B.V, Samsung LCD Netherlands R&D Center (UK) Limited, General RF Modules AB, Samsung Medison France S.A.S., Samsung Opto-Electronics GmbH, Samsung Medison Italia S.r.l.</p> <p>[Asia: 3] Samsung Electronic Philippines Manufacturing Corp., Batino Realty Corporation, TNP Small/Medium Size & Venture Enterprises Growth Promotion Investment Limited Partnership(TSUNAMI)</p> <p>[China: 2] Samsung LCD Netherlands R&D Center (HK)Limited, Medison (shanghai) Co., Ltd.</p>
June 30, 2014	26	55	21	32	16	150	<p>[America: 1] RT SV CO-INVEST, LP</p>	<p>[Asia: 1] Medison Medical Systems India Private Ltd.</p> <p>[China: 1] Medison Medical Equipment Shanghai Co., Ltd.</p> <p>[Domestic: 2] Samsung Blue wings, World cyber games</p>

(Important changes in executives)

Following the annual general shareholder meeting on March 16, 2012, of three Executive Directors with expired terms (Gee-Sung Choi, Yoon-Woo Lee, Ju-Hwa Yoon), Yoon-Woo Lee retired and Gee-Sung Choi and Ju-Hwa Yoon were re-appointed. Oh-Hyun Kwon was newly appointed as Executive Director. In addition, of three Independent Directors with expired terms (Dong-Min Yoon, Jae-Woong Lee, Oh-Soo Park), Jae-Woong Lee and Oh-Soo Park retired and Dong-Min Yoon was re-appointed. Han-Joong Kim and Byeong-Gi Lee were newly appointed as Independent Directors.

On June 8, 2012, the CEO was changed from Gee-Sung Choi to Oh-Hyun Kwon.

On February 7, 2013, Independent Director Dong-Min Yoon retired (deceased).

On March 14, 2013, Executive Directors Gee-Sung Choi and Ju-Hwa Yoon resigned.

Following the shareholders' meeting on March 15, 2013, Boo-Keun Yoon, Jong-Kyun Shin, and Sang-Hoon Lee were newly appointed as Executive Directors. Independent Director In-Ho Lee was reappointed, and Kwang-Soo Song and Eun-Mee Kim were newly appointed as Independent Directors.

On March 15, 2013, we appointed three CEOs, executive directors Boo-Keun Yoon and Jong-Kyun Shin were newly appointed as CEO in addition to CEO Oh-Hyun Kwon.

As of the reporting date, the Company's BOD is comprised of four Executive Directors (Oh-Hyun Kwon, Boo-Keun Yoon, Jong-Kyun Shin, Sang-Hoon Lee) and five Independent Directors (In-Ho Lee, Han-Joong Kim, Byeong-Gi Lee, Kwang-Soo Song and Eun-Mee Kim).

(Organizational Structure)

In December 2012, following an organizational change, CE and IM businesses were upgraded to individual division status, and the IT Solution business was divided into Printing Solution and Computer businesses. The Printing Solution business was incorporated into the CE division and the Computer business was integrated into the Mobile business under the IM division. The Medical Device business team was upgraded to a business status within the CE division.

In December 2013, the Digital Imaging business was changed to team status, and newly established within the Mobile business.

[As of December 2012]

	Before	After
Business organization	DMC division (CE: Visual display, Digital appliances) (IM: Mobile, IT solution, Network, Digital imaging)	CE division (Visual display, Digital appliances, Printing solution, Medical devices)
		IM division (Mobile, Network, Digital imaging)
	DS division (Memory, SYS.LSI, LCD,LED)	DS division (Memory, SYS.LSI, DP, LED)
Regional headquarters	Korea, North America, Latin America, Europe, CIS, Southwest Asia, Southeast Asia, China, Middle East, Africa	Korea, North America, Latin America, Europe, CIS, Southwest Asia, Southeast Asia, China, Middle East, Africa
	Americas(DS), Europe(DS), China(DS), Southeast Asia(DS), Japan(DS)	Americas(DS), Europe(DS), China(DS), Southeast Asia(DS), Japan (DS)

[As of December 2013]

	Before	After
Business organization	CE division (Visual display, Digital appliances, Printing solution, Medical devices)	CE division (Visual display, Digital appliances, Printing solution, Medical devices)
	IM division (Mobile, Network, Digital imaging)	IM division (Mobile, Network)
	DS division (Memory, SYS.LSI, DP, LED)	DS division (Memory, SYS.LSI, DP, LED)
Regional headquarters	Korea, North America, Latin America, Europe, CIS, Southwest Asia, Southeast Asia, China, Middle East, Africa	Korea, North America, Latin America, Europe, CIS, Southwest Asia, Southeast Asia, China, Middle East, Africa
	Americas(DS), Europe(DS), China(DS), Southeast Asia(DS), Japan(DS)	Americas(DS), Europe(DS), China(DS), Southeast Asia(DS), Japan (DS)

3. Changes in Capital

As of June 30, 2014, no changes were reported during the past five consecutive years.

4. Stock Information

A. Total number of Stock

The total number of authorized shares according to the articles of incorporation is 500,000,000 (par value per share: KRW 5,000). As of June 30, 2014, the Company has issued 147,299,337 shares of registered common stock and 22,833,427 of registered preferred stock without voting right (excluding canceled stock). The Company has canceled 8,310,000 shares of common stock and 1,060,000 shares of preferred stock. As of June 30, 2014, the number of floating common stock is 130,962,651 and the number of floating preferred stock is 19,853,734, excluding treasury shares (16,336,686 common and 2,979,693 preferred).

[As of June 30, 2014]

(Unit: shares)

Classification	Type of Stocks			Note
	Common	Preferred	Total	
I. Number of authorized stocks	400,000,000	100,000,000	500,000,000	-
II. Number of stocks issued	155,609,337	23,893,427	179,502,764	-
III. Number of stocks decreased	8,310,000	1,060,000	9,370,000	-
1. Capital Reduction	-	-	-	-
2. Number of stocks canceled	8,310,000	1,060,000	9,370,000	Cancellation of treasury shares
3. Redemption of redeemable stocks	-	-	-	-
4. Others	-	-	-	-
IV. Number of Outstanding Shares (II-III)	147,299,337	22,833,427	170,132,764	-
V. Treasury shares	16,336,686	2,979,693	19,316,379	-
VI. Number of Floating Shares (IV-V)	130,962,651	19,853,734	150,816,385	-

※ The Company's common stock carry voting rights but preferred stock carry no voting rights.

B. Treasury Shares

In the first half of 2014, Samsung Electronics distributed 47,530 common stocks in relation to the exercise of previously granted stock options of current and former management and employees. As of June 30, 2014, the Company holds 16,336,686 common treasury shares and 2,979,693 preferred treasury shares.

[As of June 30, 2014]

(Unit: Shares)

Acquisition method	Share type	Period-beginning shares	Change			Period-end shares
			Acquisition (+)	Disposal (-)	Cancellation (-)	
Intra-market direct acquisition (Within dividend related capital gains limit)	Common	16,384,216	-	47,530	-	16,336,686
	Preferred	2,979,693	-	-	-	2,979,693
Total	Common	16,384,216	-	47,530	-	16,336,686
	Preferred	2,979,693	-	-	-	2,979,693

C. Types of Registered Stock

The Company has two types of registered equity securities: 1) Common stock; 2) Non-voting and non-cumulative preferred stock.

The shareholders of preferred stock are entitled to dividend payments of an additional 1% of face value compared to shareholders of common stock. As of June 30, 2014, the total number of outstanding preferred stock is 22,833,427.

5. Voting Shares

Samsung Electronics has 147,299,337 outstanding common stocks, which represents 29.5% of total authorized shares. There are 22,833,427 outstanding preferred stocks (with no voting rights). The Company holds 16,336,686 treasury shares (with no voting rights) and 12,506,577 shares with limited voting rights under relevant laws. Thus, the total number of shares with voting rights is 118,456,074.

[As of June 30, 2014]

(Unit: Shares)

Classification		Number of shares	Note
Number of outstanding shares (A)	Common	147,299,337	-
	Preferred	22,833,427	-
Shares with no voting rights (B)	Common	16,336,686	Treasury share according to Korean Commercial Act
Shares with no voting rights according to Articles of Incorporation (C)	Preferred	22,833,427	2,979,693 preferred treasury shares included
Shares with limited voting rights under relevant laws (D)	Common	12,479,184	Restricted by the Monopoly Regulation and Fair Trade Act: 10,622,814 shares held by Samsung Life Insurance & 1,856,370 shares held by Samsung Fire & Marine Insurance
	Common	27,393	Restricted by the Insurance Business Act: Some part of shares held by special account of Samsung Life Insurance
Shares with voting rights (F = A - B - C - D)	Common	118,456,074	-
	Preferred	-	-

※ According to the Monopoly Regulation and Fair Trade Act, shareholders with limited voting rights (D) can exercise certain rights in accordance with related laws, including the right to vote on agendas such as the appointment/dismissal of directors and revisions to the Articles of Incorporation.

6. Shareholder Returns

As a part of the Company's shareholder return policy, a part of profit has been returned to shareholders by way of dividends and share buyback. The Company carefully considers strategic investments for sustainable growth, business performance, and cash flows in determining the level of total shareholder return.

Dividends paid out in the recent three fiscal years are as follows:

(Unit: Shares / %)

Classification		1H 2014 (January 1 ~ June 30)	2013	2012
Par value per share (won)		5,000	5,000	5,000
Net profit (million won)		9,419,000	17,929,520	17,398,530
EPS (won)		62,460	118,946	115,576
Total cash dividend (million won)		75,408	2,156,969	1,206,562
Total stock dividend (million won)		-	-	-
Dividend payout ratio (%)		0.8	12.0	6.9
Cash dividend yield (%)	Common	0.04	1.0	0.5
	Preferred	0.05	1.4	1.0
Stock dividend yield (%)	Common	-	-	-
	Preferred	-	-	-
Cash dividend per share (won)	Common	500	14,300	8,000
	Preferred	500	14,350	8,050
Stock dividend per share (share)	Common	-	-	-
	Preferred	-	-	-

※ 2014 interim dividend declared was KRW 75,408 million (KRW 500 per share).

※ Based on separate financial statements.

※ EPS denotes basic earnings per common share.

※ For further information relating to the calculation of basic EPS, refer to Note 『22. Earnings per share』 in the Interim Separate Financial Statements

II. Businesses Overview

1. Overview

A. Business Overview by division

In addition to our headquarters in Korea, Samsung Electronics is comprised of 150 subsidiaries across the world including nine (9) Consumer Electronics (“CE”) and Information Technology & Mobile Communications (“IM”) divisions and five (5) Device Solutions (“DS”) division regional headquarters of sales and production.

Samsung Electronics is comprised of three business divisions: CE, IM and DS. The CE division engages in the production and sales of CTVs, monitors, printers, air conditioners and refrigerators, and the IM division focuses on the production and sales of handheld phones (HHPs) (such as feature phones and smartphones), network systems, and computers.

The DS division is comprised of the Semiconductor business which manufactures and sells DRAM and Mobile AP, etc. and the Display Panel (“DP”) business which manufactures and sells TFT-LCD and OLED panels for TV, Monitor, Notebook PC, and Mobile devices.

<Major products by business division>

Business Division		Major Products
CE Division		CTV, Monitor, Printer, Air Conditioner, Refrigerator, Washing Machine, Medical Devices, etc.
IM Division		HHP, Network System, Computer, Digital Camera, etc.
DS Division	Semiconductor Business	DRAM, NAND Flash, Mobile AP, etc.
	DP Business	TFT-LCD, OLED, etc.

The Company’s corporate headquarters is established at the following 5 locations: Suwon (CE division and R&D Center); Gumi (IM division); Giheung and Hwasung (Semiconductor business); and Gwangju (Home Appliance business). The Company has 16 consolidated domestic subsidiaries, including Samsung Display for display panel production, Samsung Electronics Sales for domestic retail sales, Samsung Electronics Service for after service care, and Samsung Electronics Logitech for logistics. We have 134 overseas subsidiaries for product manufacturing, sales, and R&D.

In the Americas, we have 26 subsidiaries responsible for product manufacturing and sales, including SEA (New Jersey, United States), responsible for sales of products such as CTV in the US, STA (Dallas, United States), responsible for sales of HHPs and other communication products in the US, SAMEX (Tijuana, Mexico), responsible for manufacturing CTVs and SAS (Austin, United States), responsible for manufacturing semiconductor products.

In Europe, we operate 33 subsidiaries, including SEUK (UK), SEF (France), SEG (Germany) and SEI (Italy). SESK (Slovakia) and SEH (Hungary) are responsible for manufacturing CTVs and SEPM (Poland) is responsible for manufacturing home appliances.

In Asia, we have 21 overseas subsidiaries, including SAPL (Singapore), SEAU (Australia), SEPCO (Philippines) and SME (Malaysia) responsible for regional sales. In addition, we operate numerous production sites including SEV (Vietnam) for HHP, SDMA (Malaysia) for CTV, and SIEL (India) for both CTV and HHP.

We operate 32 subsidiaries in China including regional sales operations in Beijing (SCIC) and Hong Kong (SEHK). We also operate production and processing facilities sites in Tianjin and Suzhou (TSTC, SSEC and SESS)

In addition, we have 22 production and sales subsidiaries across Africa, the Middle East and the CIS regions.

[CE Division]

□ Industry Overview

Since the development of black-and-white TVs in 1926 and subsequent mass production of Color TVs, technological development has led to products such as Trinitron CRT (1967) and flat CRT (1996). As the penetration rate in major countries reached over 90% the CRT TV business became stagnant. The industry regained strong growth momentum following the launch of Flat Panel TVs (LCD, PDP) with the expansion of digital broadcasting (UK/US 1998~).

FP-TVs replaced the CRT market following explosive annual average growth of 36% from 2004 to 2013 (Source: 2Q14 Display Search, Based on Quantity) due to improved product performance, including design and picture quality, in addition to a sharp decline in prices. In addition, 3D TVs were launched in 2010, and from 2011 to 2012, the rise of internet video services (OTT, OVER-THE-TOP) and increasing user interest in smart devices led to the birth of the Smart TV market. In 2013, OLED and UHD TV with innovatively high resolution were launched and the TV market continues to evolve.

Annual TV demand in 2014 is expected to be up 0.3% from the previous year, reaching 222.6 million units shipped. LCD-TV (including LED-TV) demand is expected to increase 4.5% YoY to 217.11 million units shipped, and PDP-TV demand to decrease 49.2% YoY to 5.23 million (Source: 2Q14 Display Search).

□ Market Condition

The trend towards large size and high-resolution screens is accelerating due to intensified competition between manufacturers. Accordingly, market share of major manufacturers with high-quality products and brand power is increasing. The FP-TV market has been growing in advanced markets, but demand is also expected to grow in emerging markets such as BRICS in the future. In addition, as consumer demand for high-resolution and slim design increases, sales of LED TV, with eco-friendly LED BLU (Back Light Unit) which helps brightness and contrast as well as electricity consumption, is on the rise.

The Company has focused on smart TV sales based on forecasts that consumers' desire to acquire internet information from TVs will increase. The Company led the smart TV market in 2011 through launching smart TVs with various smart hub-based Apps and implementing a premium category sales strategy. In 2012, the Company introduced a new market trend with the introduction of the Smart Interaction system based on voice and gesture commands for convenient interaction with devices. In 2013, the Company introduced a system that recommends TV programs based on the user's viewing history. In 2014, the Company plans to enhance usability through innovation, secure various video contents, and strengthen its platform in order to maximize viewing experience.

<Market share of major products in the CE division >

Product	1H 2014	2013	2012
CTV	24.0%	21.6%	21.1%

※ 2012 and 2013 Market share data is from research agency *Display Search* (Global market share in quantity). Market share as at June 30, 2014 is the Company's estimation.

□ Business Outlook

The Company is addressing market demand with an expansive portfolio product mix within LCD and PDP categories. The Company has maintained market leadership in overall TV, FP-TV, LCD-TV sales for eight consecutive years from 2006 to 2013 (Source: 2Q14 Display Search).

In 2009, the Company was industry first to launch the LED TV (LED BLU, ultra-slim/ultra-light and eco-friendly) as a separate product category. In the first quarter of 2010, the Company took the lead in the 3D TV market through the launch of a 3D Total Solution offering 3D TV/BDP/glasses/BD Title. In addition, the Company launched the world's first TV App store 'Samsung Apps' in 2010 and smart hub with services including 'Your Video', 'Social TV', 'Search All', 'Web Browser' in 2011 and established consumers perception that 'Smart TV=SAMSUNG'.

In 2012, the Company enhanced service features for broader consumer markets, by developing exercise and educational contents to enhance the ‘All Share’ function that facilitates connections with other digital devices. Such enhancements have helped to maintain competitive edge in the smart TV market. In 2013, the Company led the market with OLED TV and UHD TV with technological innovations in picture definition and resolution. For 2014, the Company plans to capture market leadership in markets with high growth potential, such as UHD TV.

[IM Division]

□ Industry Overview

The mobile phone industry started with the first generation analogue phone in the early 1980s. It evolved to second generation digital, and to third generation mobile communication such as WCDMA with high-speed data transmission. Today, fourth generation mobile communication technology with ultrahigh-speed data transmission is becoming commonplace in the market. In particular, the LTE market is spreading to all parts of the world, and LTE-Advanced with higher speeds has been commercialized in Korea since June 2013 through cooperation between the Company and mobile communication carriers. Recently, the mobile phone market is changing rapidly around not only smartphone and tablet but also new hybrid product categories such as Galaxy Note. This puts emphasis on not only existing hardware competitiveness but also on software competitiveness including Application and UX that enables users to access useful information more conveniently. Accordingly, industry business models are shifting to integrate software and hardware capabilities.

As of December 31, 2013, the worldwide penetration rate for mobile phones was 71%, and it is expected to reach 74% in 2014. (Source: Strategy Analytics, April 2014)

□ Market Condition

The size of the overall mobile phone market is expected to reach 1.8 billion units (1.2 billion smartphones) in 2014, a growth of 7% from 2013.

The tablet market is expected to reach 290 million units shipped by the end of 2014. (Source: Strategy Analytics – Mobile: June’14, smartphone: April, tablet: May)

< Market share of major products of the IM division >

Product	1H 2014	2013	2012
HHP	24.9%	26.8%	25.1%

※ Market share data is from research agency *Strategy Analytics* (Global market share in quantity).

□ Business Outlook

The Company strengthened market leadership by diversifying its product line up from premium to mass market models and by leading new markets such as LTE. The Company has maintained its status as No.1 in terms of smartphone global market share, based on the success of Flagship smartphones such as the Galaxy S series and Galaxy Note.

In 2014, the Company plans to reinforce market leadership in premium smartphone and tablet categories and create consumer demand with new products, such as Galaxy Gear and Fit, and advanced features, such as Flexible Display. We will also enhance our competitiveness by strengthening product line-ups for the mass market category. The Company will continue to make investments in R&D in preparation for future growth and enhanced market leadership position.

[DS Division]

- Semiconductor

□ Industry Overview

The semiconductor industry is cyclical by nature, and imbalances between supply and demand frequently occur. Many manufacturers have not been able to maintain competitiveness during periods of global economic recession and oversupply, resulting in consolidation within the industry. Supply and demand volatility is expected to decrease as a result of increased demand for semiconductors in new smartphone, tablet PC and server markets.

□ Market Condition

Throughout 2014, PC DRAM prices are expected to remain strong. In the third quarter of 2014, demand is expected to increase driven by increases in memory capacity adopted by new premium smartphones (2GB → 3GB). Supply shortage is expected for higher capacity memory products as a result of manufacturers' inability to stabilize their fab capacity. NAND prices are expected to stabilize as a result of mobile manufacturers launching new smartphone products.

< Market share of major products of the semiconductor business >

Product	1H 2014	2013	2012
DRAM	38.9%	36.2%	41.0%

※ 2012 and 2013 market share data is from research agency *iSuppli* (Global market share in amount). June 30, 2014 market share is the Company's estimation.

□ Business Outlook

The Company was the first to develop and produce DRAM 20nm products and has also developed products with differentiated design, secure technology and cost competitiveness ahead of competitors. The Company has commenced mass production of Vertical-NAND products to enter the premium market. The Company is also maximizing cost competitiveness to remain ahead of competitors by developing high-performance solution products, such as SSD and eMCP, and expanding into 3bit product categories.

Going forward, the Company plans to maintain its No.1 position in the memory industry by reducing costs, strengthening its technological advantage, development of advanced processing technology and differentiated high-performance products.

-DP

□ Industry Overview

Display products include TFT-LCD (Thin Film Transistor Liquid Crystal Display) and OLED (Organic Light Emitting Diode) panels.

TFT-LCD panel is a liquid crystal based display that consumes less electricity and features a thinner profile, while maintaining high resolution. It has a wide range of potential applications in devices of all sizes and functionality. The market growth rate has slowed down recently due to a reduction of replace demands for CRT monitors and high market penetration of LCD TVs.

OLED panels use organic materials which offer wide contrast and color, high color concordance, and fast response rates. Such differentiating features provide advantages in smartphone products, and as a result the market demand for under 10" small to medium size displays has increased.

□ Market Condition

During the second half of 2014, the large size panel market is expected to grow thanks to year-end seasonal demand. In particular, we expect market demand increases for large size TVs (over 40" and UHD TV), however, we expect relatively stable demand and supply market conditions until the end of the year as a result of increased investment in production for new products such as UHD TV.

For Mobile, the product mix is expected to expand, particularly in the mid-range category. The trend toward higher resolution and larger size panels is expected to continue, while the demand for new product categories such as wearable devices is expected to increase.

< Market share of major products of the DP division >

Product	1H 2014	2013	2012
Display Panel	21.6%	20.4%	25.4%

※ 2012, 2013, and 1H 2014 M/S data are from Display Search (Global market share, large size panel in amount).

□ Business Outlook

The Company is improving competitiveness through increasing production yields by developing advanced process technologies, developing high transmission panels, and domestically producing core equipment. In addition, the Company continues to improve profitability through close collaboration with TV and smartphone manufacturers from R&D to production.

For the large size panel business, the Company plans to improve profitability through increased cost competitiveness while meeting the demand for new premium products such as UHD TV and Curved TV.

For mobile, the Company plans to secure long-term growth momentum by expanding its customer base through enhanced cost competitiveness, and expansion of new product categories, including mid-range products and Flexible Ultra High-Resolution products.

B. Financial Summary by Division

(Unit: KRW million, %)

Division	Classification	1H 2014		1H 2013		2013		2012		
		Amount	Portion	Amount	Portion	Amount	Portion	Amount	Portion	
CE	Total sales	59,481,654	23.5%	58,245,577	21.7%	125,088,762	22.4%	117,897,781	24.6%	
	Internal sales	35,161,983	23.9%	34,227,723	21.6%	74,757,247	22.7%	66,792,679	24.0%	
	Net sales	24,319,671	22.9%	24,017,854	21.8%	50,331,515	22.0%	51,105,102	25.4%	
	Operating profit	958,334	6.1%	663,483	3.6%	1,673,343	4.5%	2,324,036	8.0%	
	Total asset	43,512,402	13.2%	46,226,578	14.7%	47,183,953	14.9%	38,947,252	14.1%	
IM	Total sales	129,346,379	51.1%	147,497,108	54.9%	299,161,654	53.6%	224,920,171	46.9%	
	Internal sales	68,452,020	46.6%	79,138,817	50.0%	160,344,435	48.7%	119,075,488	42.8%	
	Net sales	60,894,359	57.4%	68,358,291	62.0%	138,817,219	60.7%	105,844,683	52.6%	
	Operating profit	10,851,041	69.2%	12,791,394	69.9%	24,957,741	67.8%	19,418,235	66.8%	
	Total asset	95,118,965	28.8%	85,945,829	27.3%	86,132,881	27.1%	68,743,115	24.9%	
DS	Semi-conductor	Total sales	35,393,643	14.0%	31,530,793	11.7%	70,908,145	12.7%	66,976,623	14.0%
		Internal sales	16,215,670	11.0%	14,275,268	9.0%	33,471,566	10.2%	32,090,017	11.5%
		Net sales	19,177,973	18.1%	17,255,525	15.6%	37,436,579	16.4%	34,886,606	17.3%
		Operating profit	3,810,600	24.3%	2,830,611	15.5%	6,887,978	18.7%	4,173,730	14.4%
		Total asset	82,131,998	24.9%	68,650,979	21.8%	76,224,096	24.0%	67,136,914	24.4%
	DP	Total sales	25,725,314	10.2%	31,425,221	11.7%	61,294,886	11.0%	69,359,762	14.5%
		Internal sales	13,299,474	9.1%	16,135,023	10.2%	31,457,770	9.5%	36,360,406	13.1%
		Net sales	12,425,840	11.7%	15,290,198	13.9%	29,837,116	13.0%	32,999,356	16.4%
		Operating profit	132,751	0.8%	1,888,765	10.3%	2,980,563	8.1%	3,214,750	11.1%
		Total asset	46,024,425	13.9%	44,066,518	14.0%	42,195,558	13.3%	41,429,074	15.0%
	Total	Total sales	63,256,060	25.0%	63,687,449	23.7%	134,394,781	24.1%	136,724,256	28.5%
		Internal sales	31,468,769	21.4%	30,825,778	19.5%	66,633,875	20.2%	68,436,962	24.6%
		Net sales	31,787,291	30.0%	32,861,671	29.8%	67,760,906	29.6%	68,287,294	34.0%
		Operating profit	3,964,702	25.3%	4,765,970	26.0%	10,000,665	27.2%	7,416,325	25.5%
		Total asset	153,106,679	46.4%	139,353,591	44.3%	145,872,686	45.9%	130,371,546	47.3%

※ Restated on 1H 2014 basis (presented on a consolidated basis).

※ Net sales includes internal sales between divisions.

Net sales for the first half of 2014 were KRW 106,029 billion. By division, CE reported KRW 24,320 billion (22.9%) and IM reported KRW 60,894 billion (57.4%). The DS division contributed approximately 30% of net sales, KRW 19,178 billion (18.1%) by semiconductor business and KRW 12,426 billion (11.7%) by DP business.

Operating profit for the first half of 2014 was KRW 15,676 trillion. The IM division accounted for 69.2% with KRW 10,851 billion and the DS division accounted for 25.3% with KRW 3,965 billion.

□ Reasonable Allocation of Common SG&A (Selling General & Administrative) Expenses and Assets

(1) For common SG&A expenses, specific expenses are allocated to each product/model, and other common expenses that cannot be attributed by product/model category are reasonably allocated throughout the Company based on an allocation standard (expense-to-sales ratio, number of personnel).

(2) For common assets, assets that can be directly allocated (inventory assets, fixed assets, investment assets) are allocated to the corresponding organizational unit. Assets that are commonly managed are allocated to each division based on an allocation standard (expense-to-sales ratio, pre-tax profit).

2. Key Products and Services

A. Revenue

During the first six months of 2014, the CE division's revenue accounted for 22.9% of the total net revenue with KRW 24,320 billion, the IM division accounted for 57.4% with KRW 60,894 billion, and the DS division accounted for 30.0% with KRW 31,787 billion.

The Company's net revenues by division as of June 30, 2014 are as follows:

(Unit: KRW 100 million, %)

Division		Major Products	Net Revenue	Portion
CE		CTV, monitor, printer, air conditioner, refrigerator, washing machine, medical equipment	243,197	22.9%
IM		HHP, network system, computer, digital camera	608,944	57.4%
DS	Semiconductor	DRAM, NAND Flash, Mobile AP	191,780	18.1%
	DP	TFT-LCD, OLED	124,258	11.7%
	Division Total		317,873	30.0%
Others		-	-109,728	-10.3%
Total			1,060,286	100.0%

※ Includes sales between divisions (on consolidated basis).

☞ Refer to 『5. Sales and Distribution』 for sales by each product.

B. Average Selling Price (ASP) Changes

During the first half of 2014, CTV ASP decline continued from 2013. HHP ASP remained at a similar level from 2013, while Memory ASP decline slowed down from 2013 to the level of 10.5% due to stable market demand and supply conditions. The downward momentum of Display panel ASP continued due to weak demand from China and developed markets.

3. Key Raw Materials

(On consolidated basis as of June 30, 2014)

(Unit: KRW 100 million, %)

Division	Type	Item	Specific usage	Purchase price	Portion	Note (supplier)
CE	Raw materials	Display panel	Color picture signaler	18,412	17.5%	CMI, AUO, etc.
	Raw material	PDP module	Color picture signaler	5,463	5.2%	Samsung SDI, etc.
	Raw material	Others		81,540	77.3%	
	Division Total			105,415	100.0%	
IM	Raw material	Mobile display panel	Color picture signaler	26,740	12.4%	Iljin Display, etc.
	Raw material	Base Band Chip	CPU	28,253	13.0%	Qualcomm, etc.
	Raw material	Others		161,507	74.6%	
	Division Total			216,500	100.0%	
DS	Raw material	Glass	Glass substrate for display	9,379	9.4%	Corning Precision Materials, etc.
	Raw material	POL	Polarizer plate	9,269	9.2%	Dongwoo Fine-Chem, NITTO, etc.
	Raw material	Window	Tempered glass	6,187	6.2%	BIEL, etc.
	Raw material	Wafer	Semiconductor wafer	4,250	4.2%	SUMCO, etc.
	Raw material	Others		71,099	71.0%	
	Division Total			100,184	100.0%	
	Others			248	-	
Total				422,347	-	

※ As of June 30, 2014, Samsung SDI is an affiliate of the Company.

For the CE division, key raw materials include display panels for TVs and monitors and PDP modules. For the IM division, key raw materials include display panels for mobile and Baseband Chips. For the DS division, key raw materials include glass, polarizer (POL) and wafers.

Large display panels for TVs and monitors are supplied by Cummins (CMI) and AU Optronics (AUO), mobile display panels are supplied by Iljin Display, and Baseband Chips are supplied by the System LSI division and Qualcomm. The Company manufactures display panels with glass and POL supplied by Samsung Corning and Dongwoo Fine-Chem.

(Raw Materials Price Trends)

The Price of TV and monitor display panels, which are the major raw materials of the CE division, declined 8% on average from 2013 due to oversupply from increased CAPEX and improved productivity. For the IM division, the price of mobile display panels declined by 2%, and Baseband chip increased by 24%, from 2013. For the DS division, the price of raw materials continues to decrease. Semiconductor wafer prices have declined by 17%, and glass prices for display panels by 12%, from 2013.

4. Production and Facilities

A. Production Capacity, Output, Utilization Rate

(Capacity)

(Unit: 1,000)

Division	Item	2014 (1.1~6.30)	2013	2012
		Quantity	Quantity	Quantity
CE	CTV	31,317	53,102	53,375
IM	HHP	275,650	556,600	461,950
DS	Memory	77,339,000	116,909,000	80,159,000
	DP	4,377	8,260	9,218

※ Global production capacity for major product categories

The CE and IM division production capacity, by major product, is calculated as follows:

The average number of lines (x) the average output per hour (x) the average operation hours per day (x) the days of operation

Memory production capacity for DS division is calculated as follows:

Converted output (1GB equivalent) / The utilization rate.

DP production capacity is calculated as follows:

The total producible panel surface area / the dimensions of eighth generation Glass (2200x2500mm)

(Output)

(Unit: 1,000)

Division	Item	2014 (1.1~6.30)	2013	2012
		Quantity	Quantity	Quantity
CE	CTV	26,545	47,527	48,357
IM	HHP	223,695	499,480	416,632
DS	Memory	77,339,000	116,909,000	80,159,000
	DP	3,937	7,340	7,800

※ Global output for major product categories

For the first half of 2014, the CE division CTV output was 26.5 million (major production sites: Korea, China, Mexico, Brazil, and Hungary). The IM division HHP output was 223.7 million (major production sites: Korea, China, Vietnam, and Brazil). The DS division Memory output (1GB equivalent) was 77,339 million (major production sites: Korea and China). The DS division DP output was 3.9 million (major production sites: Korea, China, and Slovakia).

(Utilization Rate)

(Unit: 1,000)

Division	Item	1H 2014 Production capacity	1H 2014 Actual output	Utilization Rate
CE	CTV	31,317	26,545	84.8%
IM	HHP	275,650	223,695	81.2%

In the first half of 2014, CE and IM utilization rates were calculated as actual output relative to production capacity. CTV is 84.8% and HHP is 81.2%.

(Unit: hours)

Division	Item	1H 2014 Operating hours capacity	1H 2014 Actual operating hours	Utilization Rate
DS	Memory	26,064	26,064	100.0%
	DP	43,440	42,480	97.8%

The DS division operates Memory and DP production in three shifts (24 hours a day). Cumulative operating days in the first half of 2014, including holidays, was 181 days. The utilization rate was calculated as actual hours [181 days (x) number of production lines (x) 24 hours] relative to production capacity.

B. Production Facilities and Investment

(1) Key facilities for production and operation

The Company's operational activities includes manufacturing, development, marketing, and sales at domestic operations – including operations in Seocho, Seoul, Suwon, Gumi, Giheung, Onyang, Gwangju – and 9 regional headquarters under the CE and IM divisions and 5 under the DS division in North America, Europe, and China.

[Operations]

Region	Headquarters	Location
Domestic (8)	Seocho	Seoul, Korea
	Suwon	Suwon, Korea
	Gumi1	Gumi, Korea
	Gumi2	Gumi, Korea
	Giheung	Yongin, Korea
	Onyang	Asan, Korea
	Hwaseong	Hwaseong, Korea
	Gwangju	Gwangju, Korea
Overseas (9 regional headquarters for CE and IM Division)	North America	New Jersey, US
	Europe	London, UK
	China	Beijing, China
	Southeast Asia	Singapore, Singapore
	Southwest Asia	New Delhi, India
	CIS	Moscow, Russia
	Middle East	Dubai, UAE
	Africa	Johannesburg, Republic of South Africa
	Latin America	Sao Paulo, Brazil
Overseas (5 regional headquarters for DS Division)	Americas	San Jose, US
	Europe	Eschborn, Germany
	China	Shanghai, China
	Southeast Asia	Singapore, Singapore
	Japan	Tokyo, Japan

The Company's Property, Plant and Equipment includes land, buildings and structures, machinery and equipment, and construction in progress. As of June 30, 2014, the book value is KRW 75,594 billion, an increase of KRW 97.3 billion from December 31, 2013. In the first half of 2014, new acquisitions of KRW 10,184 billion and depreciation of KRW 8,205 billion were recorded.

(Unit: KRW million)

Classification		Land	Buildings and Structures	Machinery and Equipment	Construction-in-progress	Others	Total
At 1 January 2014	Book value	7,429,287	15,715,064	36,498,478	13,840,172	2,013,387	75,496,388
	Acquisition cost	7,429,287	23,375,035	118,621,699	13,840,172	5,518,351	168,784,544
	Accumulated depreciation (Including accumulated impairment loss)	-	(7,659,971)	(82,123,221)	-	(3,504,964)	(93,288,156)
Increase/ (decrease)	General acquisition and capital expenditure	47,588	2,337,898	9,490,015	(2,348,646)	656,764	10,183,619
	Acquisition as a result of business combination	-	-	-	-	-	-
	Depreciation	-	(637,098)	(7,137,246)	-	(430,929)	(8,205,273)
	Disposal/Discard/Damage	(62,135)	(414,903)	(149,347)	17,803	(39,425)	(648,007)
	Others	(3,063)	(219,570)	(403,146)	(543,910)	(63,385)	(1,233,074)
Balance at 30 June 2014	Book value	7,411,677	16,781,391	38,298,754	10,965,419	2,136,412	75,593,653
	Acquisition cost	7,411,677	24,886,156	126,054,707	10,965,419	5,796,817	175,114,776
	Accumulated depreciation (Including accumulated impairment loss)	-	(8,104,765)	(87,755,953)	-	(3,660,405)	(99,521,123)

※ Others: Includes effects of changes in FX rates and changes in the scope of consolidated financial statements.

※ Property, Plant and Equipment above is presented on a consolidated basis.

(2) CAPEX

During the first half of 2014, the Company invested KRW 10.2 trillion in CAPEX, including upgrade production lines of semiconductor and DP business. The total projected CAPEX for 2014 is at a similar level with actual CAPEX in 2013, although this is subject to change depending upon the business environment.

[CAPEX by division]

(Unit: KRW 100 million)

Business	Purpose	Period	Assets	Investment in 1H 2014
Semiconductor	Establishment, addition, upgrade	Jan '14 ~ Jun '14	Buildings, facilities	63,536
DP	Establishment, addition, upgrade	Jan '14 ~ Jun '14	Buildings, facilities	14,189
Others	Others	Jan '14 ~ Jun '14	Buildings, facilities	24,111
Total				101,836

5. Sales and Distribution

A. Sales

In the first half of 2014, the Company recorded KRW 106,029 billion of total revenue, a decline of 3.9% from the prior year. By division, the CE division revenue increased by 1.3% from 2013, the IM division revenue decreased by 10.9%, and the DS division revenue decreased by 3.3% from 2013.

(Unit: KRW 100 million)

Division		Sales types	Product categories	1H 2014 (*14.1.1~6.30)	2013	2012
CE		Goods Products Service Others	CTV, monitor, printer, air conditioner, refrigerator, washing machine, medical equipment	243,197	503,315	511,051
IM		Goods Products Service Others	HHP, Network System, Computer, Digital camera	608,944	1,388,172	1,058,447
DS	Semiconductor	Goods Products Service Others	DRAM, NAND Flash, Mobile AP	191,780	374,366	348,866
	DP	Goods Products Service Others	TFT-LCD, OLED	124,258	298,371	329,994
	Division total			317,873	677,609	682,873
Others		Other revenue	-	-109,728	-282,169	-241,335
Total				1,060,286	2,286,927	2,011,036

※ Includes internal sales between divisions.

※ Represented on 1H 2014 basis.

Sales by major product

(Unit: KRW 100 million)

Classification	1H 2014	2013	2012
CTV	154,464	331,207	350,381
Mobile	588,735	1,353,537	1,032,875
MEMORY	132,150	237,146	208,640
DP	124,258	298,371	329,994

※ Including internal sales between divisions.

※ Represented on 1H 2014 basis.

Sales by sales type

(Unit: KRW 100 million)

Classification	1H 2014	2013	2012
Products	1,048,570	2,252,839	1,926,709
Service and other sales	11,715	34,088	84,327
Total	1,060,286	2,286,927	2,011,036

※ Other sales consists of royalty income and rental income.

Sales by major region (on a parent company financial statement basis)

(Unit: KRW 100 million)

Classification	1H 2014	2013	2012
Korea	86,060	172,004	204,703
Americas	215,659	442,526	315,846
Europe	122,980	335,645	312,650
Asia and Africa	160,087	341,059	290,832
China	146,953	292,487	288,033
Total	731,739	1,583,721	1,412,064

B. Sales Channels

Domestic

Classification	Sales Channel		Consumer
Manufacture (Facility)	Retailer		Consumer
	Distributor (Supermarket, Department Store, Home-Shopping, Internet)		
	Retailer	Cooperative Joint Market, Sales Shop, Open Stores	
	Telecommunication Service Provider (SKT, KT, LG U+)		
	Direct Sales		

Overseas

Classification	Sales Channel				Consumer	
Production Subsidiaries	Regional Sales Office	Retailer			Consumer	
		Dealer	Retailer			
		Distributor	Dealer	Retailer		
		Telecommunication Service Provider				
	Regional Distribution Office	Regional Sales Office	Retailer			
			Dealer	Retailer		
			Distributor	Dealer		Dealer
Direct Sales						

Sales ratio by channel

Channel	Wholesale	Retail	Special/direct sale	Others
Ratio	36%	22%	37%	5%

※ On a global basis

C. Sales methods and conditions

Domestic

Classification	Channel	Collection	Incidental expense sharing
Exclusive	Agency	- Credit agreement (Cash, 30 day credit) (Credit applied within 100% of collateral)	- Share cost under mutual agreement for each case
Distributor	General merchandise store, Discount store, Department store, Home shopping, Internet	Case by case contract	- Share cost under mutual agreement for each case
Special/direct sale	General companies	Case by case contract	N/A

Overseas

Classification	Channel	Collection	Incidental expense sharing
Retailer	Retail store	Case by case contract	- Share cost under mutual agreement for each case
Dealer	General merchandise store, Discount store, Department store	Case by case contract	- Share cost under mutual agreement for each case
Distributor	Direct sales to local distributors	Case by case contract	- Share cost under mutual agreement for each case
B2B	General companies	Case by case contract	N/A

D. Sales Strategy

- Expand market leadership based on smart devices
- Provide differentiated value to customers through brand, products, and service
- Strengthen operational capabilities for customer/market
- Enhance sales capabilities

E. Major customers

During the first half 2014, major customers included Apple, Deutsche Telekom, Ingram Micro, Sprint and Verizon. Sales to our five major customers accounted for about 13% of total sales.

6. Long-term Contracts

N/A

7. Financial Risk Management

The Company's financial risk management focuses on minimizing market risk, credit risk, and liquidity risk arising from operating activities. To mitigate these risks, the Company implements and operates a financial risk policy and program that closely monitors and manages such risks.

The finance team mainly carries out the Company's financial risk management. With the cooperation of the Company's divisions, domestic and foreign subsidiaries, the finance team periodically measures, evaluates and hedges financial risk and also establishes and implements global financial risk management policies.

Financial risk management officers are dispatched to the regional headquarters of each area including the United States of America, UK, Singapore, China, Japan, Brazil and Russia to oversee application of global financial risk management policies at the local finance centers.

Financial assets subject to the Company's financial risk management are as follows: Cash and cash equivalents, short-term financial instruments, available-for-sale financial assets, trade and other receivables and other financial assets. The Company's financial liabilities subject to financial risk management are as follows: Trade and other payables, borrowings, debentures, and other financial liabilities.

A. Market risk

(1) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures due to global operations. The Company is mostly exposed to foreign currency volatility due to exchange positions of currencies, including the US Dollar, EURO, Japanese Yen and Chinese Yuan.

To minimize foreign exchange risk arising from operating activities, the Company's foreign exchange management policy requires normal business transactions to be in local currency or for the cash-in currency to be matched with the cash-out currency. The Company's foreign exchange risk management policy also defines foreign exchange risk, measuring period, ownership responsibilities, management procedures, hedging period and hedge ratio.

The Company prohibits all speculative foreign exchange transactions. The Company has established a global foreign exchange system to manage exposures related to receivables and payables denominated in foreign currencies.

(2) Stock price risk

The Company's investment portfolio consists of direct and indirect investments in equity securities classified as available-for-sale, which is in line with the Company's strategy.

A price fluctuation in relation to marketable equity securities of 1% would result in changes in other comprehensive incomes (before income tax) of KRW 41,609 million, for the first half of 2014, and KRW 43,993 million, for the full year 2013.

(3) Interest rate risk

Risk of changes in interest rate for a floating interest rate financial instrument is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates and the risk that cash flows from investing/financing activities will fluctuate with changes in interest gain/loss. The Company is exposed to interest rate risk mainly through interest bearing liabilities and assets. The Company has policies to minimize uncertainty

and finance expenses from changes in interest rates. In order to avoid interest rate related risks, the Company maintains minimum external borrowing by facilitating cash pooling systems on a regional and global basis. The Company manages exposed interest rate risk via periodic monitoring and handles risk factors on a timely manner.

B. Credit risk

Credit risk arises during the normal course of transactions and investing activities where clients or other parties fail to discharge an obligation. The Company monitors and sets counterparty's credit limits on a periodic basis based on the counterparty's financial conditions, default history and other important factors.

Credit risk can arise from transactions with financial institutions which include financial instrument transactions such as cash and cash equivalents, savings, and derivative instruments. To minimize such risk, the Company transacts only with banks which have a strong international credit rating (S&P A and above), and all new transactions with financial institutions with no prior transaction history are approved, managed and monitored by the Company's finance team and the local finance center. The Company carries out financial transactional contracts according to its debt ratio limit policy, to provide collateral goods, and to collect external borrowings. The Company requires separate approval for contracts with restrictions.

Most of the Company's accounts receivable are adequately insured to limit exposure to credit risk. The Company estimates that its maximum exposure to credit risk is the carrying value of its financial assets, net of impairment losses.

C. Liquidity risk

Due to large investments made by the Company, maintaining adequate levels of liquidity risk is critical. The Company strives to achieve this goal by periodically forecasting its cash flow, estimating required cash levels, and managing income and expenses.

The Company manages its liquidity risk by periodically forecasting projected cash flows. If abnormal signs are identified, the Company works with the local finance center and provides liquidity support by utilizing a globally integrated finance structure, such as Cash Pooling. In addition, the Company maintains a liquidity management process which provides additional financial support by the local finance center and the Company. The Cash Pooling program allows sharing of surplus funds among entities and contributes to minimizing liquidity risk and strengthening the Company's competitive position by reducing capital operation expenses and finance expenses.

In addition, the Company mitigates liquidity risk by contracting with financial institutions with respect to bank overdrafts and foreign trade finance and by providing payment guarantees to subsidiaries. For large scale facility investments, liquidity risk is minimized by utilizing internal reserves and long term borrowings according to the capital injection schedule.

D. Capital risk management

The purpose of capital management is to maintain a sound capital structure. The Company monitors capital on the basis of the ratio of total liabilities to total equity. This ratio is calculated by dividing total liabilities by total equity in the consolidated financial statements.

The Company's capital risk management policy has not changed since the fiscal year ended December 31, 2013. The Company has maintained an A+ and A1 credit ratings from S&P and Moody's, respectively.

The total liability to equity ratios as of June 30, 2014 and December 31, 2013, are as follows:

(Unit: KRW million)

	June 30, 2014	December 31, 2013
Total liabilities	65,209,610	64,059,008
Total equity	159,513,464	150,016,010
Total liabilities to equity ratio	40.9%	42.7%

E. Fair value measurement

- As of June 30, 2014, book value and fair value of financial instruments of the Company are as follows:

(Unit: KRW million)

Classification	June 30, 2014		December 31, 2013	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash and cash equivalents	16,057,574	(*1)	16,284,780	(*1)
Short-term financial instruments	41,692,883	(*1)	36,722,702	(*1)
Available-for-sale financial assets	2,912,533	(*1)	1,488,527	(*1)
Trade receivables	24,432,856	(*1)	24,988,532	(*1)
Long-term available-for-sale financial assets (*2)	10,644,223	10,231,338	6,238,380	5,850,155
Others	6,702,087	6,668,886	5,472,956	5,436,470
Subtotal	102,442,156		91,195,877	
Financial liabilities				
Accounts payable	8,161,557	(*1)	8,437,139	(*1)
Short-term borrowing	9,325,033	(*1)	6,438,517	(*1)
Other accounts payable	6,876,450	(*1)	7,877,581	(*1)
Current portion of long term debt	1,163,288	(*1)	2,425,831	(*1)
Debentures	1,269,911	1,288,791	1,311,068	1,327,569
Long-term borrowing	2,214,013	2,123,744	985,117	971,844
Long-term non-trade payables	2,538,918	2,623,387	1,023,714	1,090,580
Others	7,778,350	(*1)	10,862,512	(*1)
Subtotal	39,327,520		39,361,479	

(*1) Assets and liabilities whose carrying amount is a reasonable approximation of fair value are excluded from the fair value disclosures.

(*2) Amounts measured at acquisition cost (June 30, 2014: KRW412,885 million, December 31, 2013: KRW388,225 million) is excluded as the range of reasonable fair value estimate is significant and the probabilities of the various estimates cannot be reasonably assessed.

The following table presents the assets and liabilities, by level, that are measured at fair value:

(Unit: KRW million)

	June 30, 2014			
	Level 1	Level 2	Level 3	Total
(1) Assets				
Derivatives	-	46,608	2,588	49,196
Available-for-sale financial assets(*)	5,418,767	4,586,312	3,138,792	13,143,871
(2) Liabilities				
Derivatives	-	266,700	-	266,700

	December 31, 2013			
	Level 1	Level 2	Level 3	Total
(1) Assets				
Derivatives	-	40,552	-	40,552
Available-for-sale financial assets(*)	5,656,806	1,188,498	493,378	7,338,682
(2) Liabilities				
Derivatives	-	244,172	-	244,172

(*) Amounts measured at acquisition cost (June 30, 2014: KRW412,885 million, December 31, 2013: KRW388,225 million) are excluded as the range of reasonable fair value estimate is significant and the probabilities of the various estimates cannot be reasonably assessed.

The levels of the fair value hierarchy and its application to financial assets and liabilities are described below.

- Level 1: Quoted market prices (unadjusted) for identical assets or liabilities
- Level 2: Fair valuation based on inputs that are observable in the market
(Other than quoted prices included within level 1)
- Level 3: Fair valuation based on inputs that are unobservable in the market

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 are listed equity investments classified as trading securities or available-for-sale financial assets.

The fair value of financial instruments that are not traded on an active market (for example, over-the-counter derivatives) is determined using valuation methods. These valuation methods maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The Company performs the fair value measurements required for financial reporting purposes, including level 3 fair values and discusses valuation processes and results at least once every quarter in line with the Company's quarterly reporting dates. The Company's policy is to recognize transfers between levels at the end of the reporting period, if corresponding events or changes in circumstances have occurred.

Specific valuation methods used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of foreign exchange forward contracts is determined using forward exchange rates at the statement of financial position date, with the resulting value discounted back to present value.

Other methods, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments. For trade and other receivables, the book value approximates a reasonable estimate of fair value.

- Valuation methods and the inputs

- The Company utilizes a present value method to discount future cash flows at a proper interest rate for corporate bonds, government and public bonds, and bank debentures that are classified as Level 2 in the fair value hierarchy.
- The following table presents the valuation methods and the inputs used for major financial instruments classified as Level 3.

(Unit: KRW million)

	Fair value	Valuation methods	Level 3 inputs	Range (weighted average)
Long-Term Available for Sales Financial Assets				
Samsung Total Petrochemicals	80,347	Discounted cash flow	Terminal growth rate	-1.00%~1.00% (0%)
			Weighted average cost of capital	6.37%~8.37% (7.37%)
Samsung General Chemicals	80,653	Discounted cash flow	Terminal growth rate	-1.00%~1.00% (0%)
			Weighted average cost of capital	7.01%~9.01% (8.01%)
Taewon Electric (Maltani)	17,072	Discounted cash flow	Terminal growth rate	-1.00%~1.00% (0%)
			Weighted average cost of capital	6.06%~8.06% (7.06%)
Pantech	53,053	Discounted cash flow	Terminal growth rate	-1.00%~1.00% (0%)
			Weighted average cost of capital	8.81%~10.81% (9.81%)
Samsung Venture Investment	7,021	Discounted cash flow	Terminal growth rate	-1.00%~1.00% (0%)
			Weighted average cost of capital	7.69%~9.69% (8.69%)
Corning Incorporated (convertible preferred stock)	2,673,583	Trinomial model	Discount and Risk rates	5.57%~7.57% (6.57%)
			Stock volatility	31.60%~37.60% (34.6%)
Derivative Instruments				
Embedded derivatives (convertible bonds, etc.)	2,588	Binomial model	Discount and Risk rates	6.09%~11.7% (8.58%)
			Stock volatility	11.90%~16.61% (13.88%)

- Changes in Level 3 instruments:

(Unit: KRW million)

	2014	2013
Balance as of January 1	493,378	389,195
Purchases	2,473,965	106,964
Disposals, etc.	(9,934)	(585)
Gains and losses recognized as gains and losses for the current term	(10,652)	-
Gains and losses recognized in other comprehensive income	240,041	(4,387)
Others	(45,418)	457
Balance as of June 30	3,141,380	491,644

- Sensitivity analysis for recurring fair value measurements categorized within Level 3

Sensitivity analysis of financial instruments is performed to measure favorable and unfavorable changes in the fair value of financial instruments which are affected by the unobservable parameters, using a statistical technique. When the fair value is affected by more than two input parameters, the amounts represent the most favorable or most unfavorable.

The results of the sensitivity analysis for the effect on profit or loss from changes in inputs for each financial instrument, which is categorized within Level 3 and subject to sensitivity analysis, are as follows:

(Unit: KRW million)

	Favorable Changes		Unfavorable Changes	
	Profit(Loss)	Equity	Profit(Loss)	Equity
Available-for-sale financial assets (*1)	-	226,812	-	(214,063)
Embedded derivatives (convertible bonds, etc.)(*2)	579	579	(494)	(494)
Total	579	227,391	(494)	(214,557)

(*1) For equity securities, changes in fair value are calculated by; 1) increasing or decreasing the correlation between growth ratio (-1% ~ 1%) and discount rate, which are significant unobservable inputs; 2) increasing or decreasing the correlation between volatility ration (31.60% ~ 37.60%) and discount rate observed in convertible preferred stock.

(*2) For equity derivatives, changes in fair value are calculated by increasing or decreasing the correlation between stock prices and volatility by 10%.

8. Derivative Instruments and Put Options

The Company holds convertible bonds in several companies, including FTS, as well as bonds with warrants of Shinwha Intertek Co., Ltd.

(A) The value of derivative instruments as of June 30, 2014 is presented below:

(Unit: KRW million)

	Asset	Liabilities	Valuation Gain	Valuation Loss
Put options	9,766	-	-	10,652

※ The option values were calculated using appropriate valuation methodologies, including the Black-Scholes model

(B) To manage foreign exchange risk, the Company's subsidiaries hedge by trading forward currency contracts based on foreign currency positions. Overseas subsidiaries buy or sell currency forwards with less than one year maturity via a bank to avert risk.

The Company holds convertible preferred shares of Corning Incorporated and its value is as follows.

(Unit: KRW million)

	Purchasing Price	Fair Value	Valuation Gain	Valuation Loss
Convertible preferred Stocks	2,434,320	2,673,583	239,263	-

※ Fair value determined using Trinomial Tree model

(C) Currency forwards as of June 30, 2014 are as follows.

(Unit: KRW million)

	Asset	Liabilities	Valuation Gain	Valuation Loss
Currency forwards	46,510	266,662	43,653	54,059

9. Major contracts

Account	Item	Contents
Ericsson	Contract type	Mutual patent-use contract
	Contract date	2014.01.25
	Purpose and contents	Secure operational advantage through mutual patent licensing
Google	Contract type	Mutual patent-use contract
	Contract date and period	2014.01.25 / indefinite term
	Purpose and contents	Secure business freedom through mutual patent licensing
	Others	Permanent license contract (including patent applications in the next 10 years)
Cisco	Contract type	Mutual patent-use contract
	Contract date	2014.01.23
	Purpose and contents	Secure operational advantage through mutual patent licensing
Global Foundries Inc.	Contract type	Process technology license contract
	Contract date	2014.02.28
	Purpose and contents	Expand customer base of 14nm process
InterDigital	Contract type	Patent-use contract
	Contract date	2014.06.03
	Purpose and contents	Secure business freedom through patent licensing

※ Information related to other IP disputes, including contract amount, was not included.

10. Research and Development Activities

A. Summary of activities and R&D expenditures

The Company is leading the global market by continuously developing creative and innovative products and the future technology through shifting its way of thinking and understanding customer demand.

The Company is currently developing creative and innovative products, and doing its utmost to cement its position in the world IT industry and become a truly Leading Company that leads world's industrial technology by securing next-generation and original technology.

[R&D expenses]

(Unit: KRW million)

		1H 2014	1H 2013	2013	2012
Total R&D expenditure		7,735,058	7,056,533	14,780,432	11,892,434
Accounting	Capitalization of development expenses (intangible asset)	341,542	190,268	461,030	359,639
	R&D costs expensed in P&L	7,393,516	6,866,265	14,319,402	11,532,795
R&D expenses/sales Ratio		7.3%	6.4%	6.5%	5.9%

※ On a consolidated basis (in conformity with K-IFRS)

As of June 30, 2014, the Company's R&D expenses were KRW 7,735 billion, a 9.6% increase from the same period last year. The Company capitalized KRW 342 billion and recognized KRW 7,394 billion as the current expenditure.

B. R&D Organization and Operations

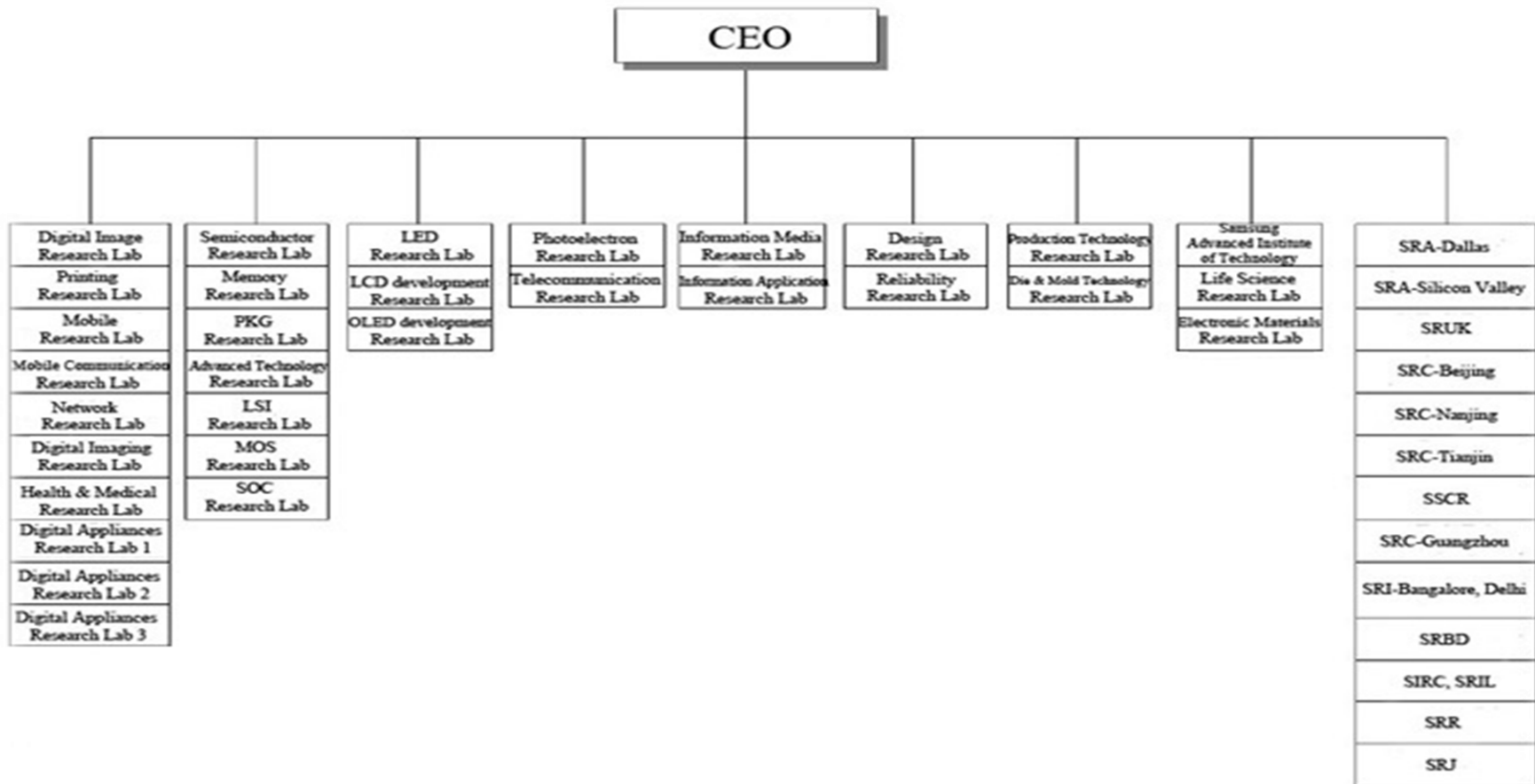
Domestic

The Company operates three R&D organizations; a business unit development team under each division that develops market ready technologies with a 1-2 year outlook, a research institute under each business unit that develops mid to long-term technology with a 3-5 year outlook, and the Samsung Advanced Institute of Technology that develops core technology as a future growth engine.

Samsung Advanced Institute of Technology is the central research institute of Samsung Electronics that has been established to lead the future as a birthplace of cutting-edge technology. It has a creative R&D system and provides R&D directions for promising growth sectors at the Company level, exploring future growth engines and strengthening technological competitiveness of core businesses.

Overseas

The Company operates R&D organizations in the US (SRA-Silicon Valley, SRA-Dallas), the UK (SRUK), Russia (SRR), Israel (SRIL,SIRC), India (SRI-Bangalore, SRI-Delhi), Japan (SRJ), China (SSCR, SRC-Beijing, SRC-Nanjing, SRC-Tianjin, SRC-Guangzhou) to carry out research activities for product development and basic technological research.



※ As of June 30, 2014

※ Refer to 『G. Subsidiaries subject to consolidation』 in 『I. Corporate Overview』 for more details about overseas R&D organizations.

C. R&D Results

Research project	Research results and expected effect	In case applied to a product, name of the product and application
Smart TV monitor	<ul style="list-style-type: none"> □ Smart Monitor (TB750, 24"/27) - Support mobile device connectivity via MHL - Support wireless transmission of picture via WiFi - Can use smart hub and smart TV apps - AllShare and Connect Share functions - 7W x 2 Ch speaker - Asymmetric slim design 	<ul style="list-style-type: none"> □ Region: Americas/Europe/ domestic, etc. □ Launch: Feb '12
Set-Top Box for Virgin Media	<ul style="list-style-type: none"> □ Supply commercialized broadcasting set-top box for UK Virgin Media - Develop cable TV set-top box (equipped with TiVo middle ware) - HD broadcasting and mass recording functions (1T class) ※ Virgin Media: The largest media group in UK 	<ul style="list-style-type: none"> □ Region: UK □ Launch: Feb '12
Smart TV Service	<ul style="list-style-type: none"> □ Smart TV Service launch in '12 - Cloud-based contents sharing among family members - Provide and manage contents for toddlers - Customized exercise guide service - Contents sharing between various devices □ SDK3.1 Public Release (March) - Smart Control input device and In-App advertisement - Provide utility tool (Automatic Testing Tool) 	<ul style="list-style-type: none"> □ Region: Global □ Launch: Feb '12
Smart Input Device	<ul style="list-style-type: none"> □ Introduction of smart wireless keyboard Easy to control device with QWERTY text input and Touch Pad Bluetooth Pairing for controlling TV and Mobile devices 	<ul style="list-style-type: none"> □ Region: Americas/Europe/ domestic, etc. □ Launch: Feb '12 □ Applied products: LED/PDP products in response to BT
Smart Station Monitor	<ul style="list-style-type: none"> □ Smart Station Monitor (CB750, 24") - Support connection to Wireless PC screen - Mobile control function - Support mobile device connectivity via MHL - Can control 2 PCs (Drag & Drop file transfer, etc.) - Support USB Hub and USB Super Charging - 5W x 2 Channel speaker 	<ul style="list-style-type: none"> □ Region: Americas/Europe/ domestic, etc. □ Launch: May '12
All-in-one Cloud Monitor	<ul style="list-style-type: none"> □ Product Concept - All-in-one Cloud Display Monitor(AMD Solution) * Cloud Display Monitor: All-in-one LED monitor for creating server-based computing environment, which is the next generation IT infra solution that can efficiently manage IT resources and strengthen security □ Purpose and effects - Respond to EnergyStar5.0 and Erp(European energy standard) - Apply platform/DDR3 and SSD/enable Fan less via 2 chip solution AMD Ontario - Increase opportunity of sales expansion by adding 23.6" 16:9, 19" 5:4 Format Line-up - ECO-Friendly → LED BLU /Energystar/TCO/Thin Design - Secure sales channel in response to VMware/Citrix virtualization solution 	<ul style="list-style-type: none"> □ Region: Global □ Launch: Dec '12 □ Inch : 19"/23.6"
LFD DEC (LH40DECPLBA/ZA)	<ul style="list-style-type: none"> □ Product Concept - Changed to new Echo-E chip dedicated to LFD from existing Genoa-P - DP LoopOut & DP1.2 MST using ST Athena chip - 24/7 operable Heavy Usage LED models - High intensity (700nit) anti-Glare required for information delivery □ Spec and effects - Panel : New, Edge-LED, 700nit - SMPS (PD-Board) : New - 12 hours use per day (3 year warranty) - Safety standard 60950-1(monitor), EMC class A - Remote control: TM1240B - Stand not provided (Option accessory) - In response to competitors' line-up - Secure LFD product line-up 	<ul style="list-style-type: none"> □ Region: Global □ Launch: Oct '12 □ Inch : 40"/46"/55"

Research project	Research results and expected effect	In case applied to a product, name of the product and application
Develop high-resolution large size TV panel	<input type="checkbox"/> Differentiate Main Stream TV products and secure competitiveness	<input type="checkbox"/> Region: Global <input type="checkbox"/> Launch: 1Q 13
High-resolution low-power consumption Tablet product technology	<input type="checkbox"/> Achieve low power consumption of table products by enhancing transmittivity and enhance production yield	<input type="checkbox"/> Region: Global <input type="checkbox"/> Launch: 4Q 12
Mass produce 20nm 4GB DDR3 DRAM for computer	<input type="checkbox"/> Mass produce 20nm 4GB DDR3 DRAM as the first in the world - Developed as the first in the world for 4 consecutive generations since 50nm 4GB in '09 - Transmission speed of 1,833Mbps, which is the fastest for server <input type="checkbox"/> Maintain competitive advantage in the value-added DRAM market with cutting-edge 'green memory' from server to PC market	<input type="checkbox"/> Region: Global <input type="checkbox"/> Launch: Feb '12 <input type="checkbox"/> Name : 4GB DDR3 DRAM
Mass produce 20nm 4GB LPDDR2 mobile DRAM for mobile	<input type="checkbox"/> Mass produce 20nm 4GB mobile DRAM as the first in the world - Mass produce products from 1GB to 4GB, highest capacity in the industry - Only provider of 4GB ultra-thin 0.8mm solution in the industry <input type="checkbox"/> In the future, expand 4GB market by increasing the proportion of 20nm DRAM Maintain competitive advantage in the premium memory market	<input type="checkbox"/> Region: Global <input type="checkbox"/> Launch: Apr '12 <input type="checkbox"/> Name : 4GB LPDDR2 Mobile DRAM
Develop 30nm 4GB DDR4 DRAM for computer	<input type="checkbox"/> Develop next generation 30nm 4GB DDR4 DRAM as the first in the world - Launched 16GB DDR4 DRAM as the first after the launch of 2GB DDR4 DRAM in '11 - In the future, plan to develop products with fastest speed of 3.2Mb/s <input type="checkbox"/> Create differentiated market by mass producing 20nm products in '13 and maintain competitive advantage with high-capacity green memory	<input type="checkbox"/> Region: Global <input type="checkbox"/> Launch: Jun '12 <input type="checkbox"/> Name : 4GB DDR4 DRAM
Mass produce 30nm 4GB LPDDR3 mobile DRAM for mobile	<input type="checkbox"/> Mass produce next generation 30nm 4GB mobile DRAM as the first in the world - Mass produce largest range of LPDDR3 products in the industry from 1GB to 2GB - Only provider of 2GB ultra-slim 0.8mm solution in the industry <input type="checkbox"/> Maintain competitive advantage in the premium memory market by taking the lead in high-capacity next generation LPDDR3 DRAM market in the future	<input type="checkbox"/> Region: Global <input type="checkbox"/> Launch: Aug '12 <input type="checkbox"/> Name : 4GB LPDDR3 Mobile DRAM
Mass produce 20nm 128GB eMMC internal storage for mobile	<input type="checkbox"/> Mass produce high-capacity 20nm 128GB eMMC as the first in the world - Launched 128GB in Aug '12 after mass production of 64GB in Jul '12 - Can store 15 8GB Full HD contents <input type="checkbox"/> Continue to expand next generation high-capacity mobile device market with 5 times faster speed than external memory card Class10	<input type="checkbox"/> Region: Global <input type="checkbox"/> Launch: Aug '12 <input type="checkbox"/> Name : 128GB eMMC internal memory card
Mass produce 2nm 4GB DDR3 DRAM for computer	<input type="checkbox"/> Mass produce cutting-edge 2nm 4GB DDR3 DRAM as the first in the world - Launched DRAM produced by new process for 4 consecutive years since '09 - Enhance product competitiveness with the best capacity low power consumption property <input type="checkbox"/> Continue to strengthen business competitive advantage by expanding sales in differentiated market through mass production of 20nm products in '13	<input type="checkbox"/> Region: Global <input type="checkbox"/> Launch: Oct '12 <input type="checkbox"/> Name : 4GB DDR3 DRAM
Mass produce 2nm 512GB SSD for computer	<input type="checkbox"/> Mass produce the best performance high-capacity 512GB SSD in the world - Develop high-performance SSD with high-performance 3bit MLC as the first in the industry - Lead market expansion by mass producing high-end/mass market SSD simultaneously <input type="checkbox"/> Continue to strengthen business competitiveness in the premium memory market by expanding premium ultra notebook market in '13	<input type="checkbox"/> Region: Global <input type="checkbox"/> Launch: Oct '12 <input type="checkbox"/> Name : 512GB SSD

Research project	Research results and expected effect	In case applied to a product, name of the product and application
Mass produce 10nm 64GB eMMC internal storage for mobile	<ul style="list-style-type: none"> □ Mass produce 64GB eMMC with next generation standard as the first in the world <ul style="list-style-type: none"> - Launched next generation product after the launch of eMMC 4.5 product in Jul '12.7 - Equipped with best performance 10nm 64GB NAND since Oct '12 □ Take the lead in high performance mobile device market with subminiature package that has 10 times faster speed than external memory card Class10 	<ul style="list-style-type: none"> □ Region: Global □ Launch: Nov '12 □ Name : 64GB eMMC internal memory card
Smart TV Service	<ul style="list-style-type: none"> □ Smart Hub service launch in '13 <ul style="list-style-type: none"> - Provides Smart Hub that enables easy and fast access to contents by category via five panel UIs <ul style="list-style-type: none"> • On TV: Recommends program based on viewing history by the hour • Movies & TV Shows: Recommends popular/new VOD based on user's viewing history • Photos, Videos & Music: Provides list of recently played/recorded photos/music/videos • Social: list of contents recommended by SNS friends/ video call • Apps: Shows recommended/ downloaded apps □ SDK 4.1 Public Release <ul style="list-style-type: none"> - Reinforces platform and ecosystem by adding major S/W module platform of '13 - Supports Linux and Mac emulator and provides local Cloud Emulator functions - Adds Smart Controller functions of '13 - Native IME (response to '13 input device) 	<ul style="list-style-type: none"> □ Region: Global □ Launch: Feb '13
Smart Input Device	<ul style="list-style-type: none"> □ Introduction of 2013 smart wireless keyboard <ul style="list-style-type: none"> Easy to control device with QWERTY text input and Touch Pad Supports multi pairing between BT standard devices including TV/mobile (shortcut) □ Introduction of 2013 external camera <ul style="list-style-type: none"> Improves Skype resolution with 5M pixel camera EPTZ(Electronic Pan Tilt Zoom), Face Tracking One Hand Gesture Recognition 	<ul style="list-style-type: none"> □ Region: Global □ Launch: Mar '13
HDD Broadcasting Multi-device (BD-F8500)	<ul style="list-style-type: none"> □ Key features <ul style="list-style-type: none"> Dual Tuner , CI , LAN, USB 2.0, HDMI, S-PDIF, Internal HDD, WiFi, Record 3D broadcasts □ Development <ul style="list-style-type: none"> Applied '13 UX & Apps, Applied Fox-B, New Micom (Nuvoton, 32bit), Movie & TV Show, Screen Mirroring, Remote Access 	<ul style="list-style-type: none"> □ Region: Europe □ Launch: Mar '13
BD Player (BD-F7500)	<ul style="list-style-type: none"> □ Key features <ul style="list-style-type: none"> 4K 3D Wifi BDP premium model Internal 4K Scaler / 2HDMI (4K/Audio) TV 7080 design matching VFD Front Display Smart Hub / Screen mirroring 2 x 2 Dual band Wifi module (minimized interference) □ Development <ul style="list-style-type: none"> Scaler Chip for 4K HDMI exclusively for Audio (increase usability) Strengthen Smart Hub functions (Movie & TV Show, Screen Mirroring, Remote Access) Reinforce security with TrustZone 	<ul style="list-style-type: none"> □ Region: Global □ Launch: Mar '13
Smart Interaction	<ul style="list-style-type: none"> □ Improved motion recognition <ul style="list-style-type: none"> - Improve motion sensitivity, Thumbs Up recognition □ Increased interactive voice response supported countries <ul style="list-style-type: none"> - Countries added: Canada/Switzerland/Spain <ul style="list-style-type: none"> • Countries supported: 9 (as of end-June) • US, UK, Korea, France, Germany, Australia, Canada, Switzerland, Spain □ Introduced built-in camera for OLED/UHD TV <ul style="list-style-type: none"> Reflected new developments on circuit/apparatus for OLED Design 5M pixels, support motion/face recognition (same spec as LED F8000) 	<ul style="list-style-type: none"> □ Region: Global □ Launch: Jun '13 □ Applied products <ul style="list-style-type: none"> - Motion recognition: TV with built-in camera - Interactive voice response: Models of LED 6400 or higher - Built-in camera: OLED TV KN55S9CAF, UHD TV 55/65 F9000

Research project	Research results and expected effect	In case applied to a product, name of the product and application
Monitor (SC770)	<ul style="list-style-type: none"> <input type="checkbox"/> Added Touch Monitor Line up in '13 - Introduced Touch Monitor to create a new market <input type="checkbox"/> Reinforced user convenience - Secured absolute advantage over competitors by providing differentiated usability&design <input type="checkbox"/> Optimum solution for using Touch - Fast Touch and 10 Points multi Touch possible by applying capacitive sensing Touch, Windows8 certification - Ergonomic sliding stand structure - Wide viewing range Panel and contrast range three times wider than plain monitor <input type="checkbox"/> Premium design - Premium design with metallic materials - Narrow Bezel design that maximizes immersive experience when using Touch 	<ul style="list-style-type: none"> <input type="checkbox"/> Region: America/Europe/etc. <input type="checkbox"/> Launch: Jun '13 <input type="checkbox"/> Inch : 24"
Open Cell Monitor (SC590)	<ul style="list-style-type: none"> <input type="checkbox"/> Seek to introduce Open Cell to Display product line - Introduced Open Cell model <input type="checkbox"/> Reinforced line ups - Open Cell new line ups - Cheaper model than existing SC57 model as responding to 27" Slim Design <input type="checkbox"/> Reinforced user convenience - Narrow Bezel Design provides immersive experience aesthetic value - Applied wide viewing range PLS Panel, reproduce vivid color in any angle - Increased connection devices such as PC and imaging device by supporting HDMI 	<ul style="list-style-type: none"> <input type="checkbox"/> Region: Global <input type="checkbox"/> Launch: Aug '13 <input type="checkbox"/> Inch : 27"
LFD ME95C	<ul style="list-style-type: none"> <input type="checkbox"/> Product Concept - Ultra large size 95" LED LFD(world's largest Edge LED LFD) - Slim Bezel & Depth Metallic Black Premium Design - Symmetric Design for both vertical/horizontal use - Valuable functions for Smart Meeting Room <input type="checkbox"/> Product specification - Support PIM Half Embedded structure - Support automatic Pivot, using sensor - Terminal: D -sub,DVI,Component(AV),DP,HDMIx3,RS232C 	<ul style="list-style-type: none"> <input type="checkbox"/>Region: America/Europe/Domestic, etc. <input type="checkbox"/> Launch: Dec '13 <input type="checkbox"/> Inch : 95"
Mobile AP development	<ul style="list-style-type: none"> <input type="checkbox"/> Developed and mass produced big.LITTLE based octa-core Mobile AP as the first in the industry - Maximized benefits of low power consumption with big.LITTLE based octa-core - GPU capacity twice the 'Exynos 4 Quad' products - Support WQXGA – can be applied to smartphone and tablet - Applied eMMC 5.0 and USB 3.0 interface as the first in the industry - Continue to secure the Company's AP technology leadership 	<ul style="list-style-type: none"> <input type="checkbox"/> Region : Global <input type="checkbox"/> Launch : Mar '13 <input type="checkbox"/> Name : Exynos 5 Octa
Mass produce 10nm 128Gb NAND Flash for mobile	<ul style="list-style-type: none"> <input type="checkbox"/> Mass produced high capacity 10nm 128Gb NAND Flash - Launched twice the capacity of 10nm 64Gb in Nov '12 - Equipped best capacity 20nm 64Gb NAND from May '12 <input type="checkbox"/> Strengthen product competitive edge and lead memory market growth with 128Gb NAND-based memory card and expansion of SSD market 	<ul style="list-style-type: none"> <input type="checkbox"/> Region : Global <input type="checkbox"/> Launch : Mar '13 <input type="checkbox"/> Name : 128Gb NAND Flash
Mass produce 20nm 1TB Server SSD for Server	<ul style="list-style-type: none"> <input type="checkbox"/> Mass produced world best performance 1TB class Server storage - High-efficiency solution for cloud service market - Enhanced Server system capacity by six fold, reduced power consumption by 30% <input type="checkbox"/> Lead premium SSD market growth by developing next generation SSD - Solidified competitive advantage with high value-added Server SSD 	<ul style="list-style-type: none"> <input type="checkbox"/> Region : Global <input type="checkbox"/> Launch : Mar '13 <input type="checkbox"/> Name : 960GB Server SSD
Smart card IC	<ul style="list-style-type: none"> <input type="checkbox"/> Acquired 'CC EAL7' with Smart card IC as the first in the industry - Applied world-class design/manufacture/security technology - Established standard modeling that can resist various types of hacking attacks Issue certification via ANSSI, a French security agency <input type="checkbox"/> Promote the Company's image as a leader of smart card IC technology and continue to increase FSID market presence 	<ul style="list-style-type: none"> <input type="checkbox"/> Region : Global <input type="checkbox"/> Launch : Mar '13 <input type="checkbox"/> Name : S3FT9KF
eFlash process	<ul style="list-style-type: none"> <input type="checkbox"/> Developed 45nm eFlash process as the first in the industry - Secured commercialization technology by developing smart card IC test chip - Reduced power consumption 25%, data reading time 50% - Plan to mass produce the first commercialized product in 2H14 - Applied to MCU product foundry/ASIC business <input type="checkbox"/> Promote the Company's image as a leader of smart card IC technology and induce foundry/ASIC customers 	<ul style="list-style-type: none"> <input type="checkbox"/> Region : Global <input type="checkbox"/> Launch: May '13 <input type="checkbox"/> Name: 45nm eFlash
160lm/W middle power LED package	<ul style="list-style-type: none"> <input type="checkbox"/> Mass produced 160lm/W middle power, which is the best in the industry - Middle power achieved luminance efficiency of 160 lumen per watt 	<ul style="list-style-type: none"> <input type="checkbox"/> Region : Global <input type="checkbox"/> Launch: Feb '13

Research project	Research results and expected effect	In case applied to a product, name of the product and application
	<ul style="list-style-type: none"> - First to mass produce industry-best LED package <input type="checkbox"/> Promote the Company's image as a leader of middle power technology and continue to secure LED market presence 	<input type="checkbox"/> Name: LM561B
Mass produce 3D vertical 128Gb V-NAND Flash	<ul style="list-style-type: none"> <input type="checkbox"/> Mass produce new concept 128Gb 3D V-NAND Flash as the first in the world - Overcome the limits of miniaturization by 3D CTF (Charge Trap Flash) cell structure innovation and vertical layer process innovation - Increased degree of integration by twofold/ cell life by tenfold/ writing speed by twofold <input type="checkbox"/> Secured Tera bit NAND mass production technology with 300 core patents - Strengthen technological competitive advantage to take the lead in large capacity market 	<ul style="list-style-type: none"> <input type="checkbox"/> Region : Global <input type="checkbox"/> Launch: Aug '13 <input type="checkbox"/> Name: 128Gb V-NAND Flash
Mobile 20nm 8Gb LPDDR4 DRAM	<ul style="list-style-type: none"> <input type="checkbox"/> Develop next generation 20nm 8Gb LPDDR4 DRAM as the first in the world - Develop lowest power consumption/ highest speed mobile DRAM - Create LPDDR4 market in '14 after LPDDR3 in '12 <input type="checkbox"/> Build 20nm 8Gb DRAM mobile/server full line up - Create new market by launching 4GB in '14, the largest capacity in mobile ' 	<ul style="list-style-type: none"> <input type="checkbox"/> Region : Global <input type="checkbox"/> Launch: Dec '13 <input type="checkbox"/> Name : 8Gb LPDDR4 Mobile DRAM
Develop ISOCELL Pixel technology	<ul style="list-style-type: none"> <input type="checkbox"/> Develop next generation image sensor pixel technology as the first in the industry - Applied new method that isolates adjacent pixel - Enhanced sensitivity by minimizing loss of electric signal - Provide a sample of the first product with new technology <input type="checkbox"/> Strengthened the Company's leadership in image sensor market 	<ul style="list-style-type: none"> <input type="checkbox"/> Region : Global <input type="checkbox"/> Launch : Nov '13 <input type="checkbox"/> Name : S5K4H5YB
Develop ultra large size/ high resolution LCD TV panel	<ul style="list-style-type: none"> <input type="checkbox"/> Mass produced 55",65" UHD TV panel <input type="checkbox"/> Strengthen market leadership and contribute to commercialization of UHD TV by expanding UHD TV line ups 	<ul style="list-style-type: none"> <input type="checkbox"/> Region : Global <input type="checkbox"/> Launch : Jun '13
Develop OLED TV panel (55")	<ul style="list-style-type: none"> <input type="checkbox"/> Take the lead in the next generation TV market by launching curved OLED TV <input type="checkbox"/> Secure competitiveness by enabling Zero Pixel Defect definition 	<ul style="list-style-type: none"> <input type="checkbox"/> Region : Global <input type="checkbox"/> Launch : Jun '13
Wearable Display Watch	<ul style="list-style-type: none"> <input type="checkbox"/> Create new OLED Application market based on design differentiation <input type="checkbox"/> Develop 1.63" high-resolution Compact Design 	<ul style="list-style-type: none"> <input type="checkbox"/> Region : Global <input type="checkbox"/> Launch : Sep '13
Develop high-resolution OLED panel	<ul style="list-style-type: none"> <input type="checkbox"/> Secure advantages in terms of resolution compare to competitors and strengthen market competitiveness by developing high-resolution technology <input type="checkbox"/> Mass produce smartphone OLED panel 	<ul style="list-style-type: none"> <input type="checkbox"/> Region : Global <input type="checkbox"/> Launch : Apr '13
Develop Flexible technology	<ul style="list-style-type: none"> <input type="checkbox"/> Secure advanced technology to take the lead in the next generation products <input type="checkbox"/> Mass produce curved display for smartphone as the first in the world 	<ul style="list-style-type: none"> <input type="checkbox"/> Region : Global <input type="checkbox"/> Launch : Oct '13
Develop UHD OLED TV panel	<ul style="list-style-type: none"> <input type="checkbox"/> Develop R/G/B technology UHD products as the first in the world <input type="checkbox"/> Reinforce market leadership and differentiate products by expanding UHD TV line ups 	<ul style="list-style-type: none"> <input type="checkbox"/> Region : Global <input type="checkbox"/> Launch : TBD
High-resolution low power consumption Tablet product technology	<ul style="list-style-type: none"> <input type="checkbox"/> Mass produce high-resolution Tablet panel <input type="checkbox"/> Achieved low power consumption of tablet products and higher rate of production by enhancing transmissivity 	<ul style="list-style-type: none"> <input type="checkbox"/> Region : Global <input type="checkbox"/> Launch : Feb '14
Mass produce Server 3D V-NAND based 960GB high reliability SSD	<ul style="list-style-type: none"> <input type="checkbox"/> Mass produced 3D V-NAND based high-reliability 960GB SSD as the first in the world Equal performance with SLC NAND SSD by using 3D V-NAND Increased customer value with high-reliability/high performance/high capacity/ low power consumption <input type="checkbox"/> Maximized efficiency of investment in datacenter with ultra power saving solution Secure competitiveness for expansion of next generation green IT market 	<ul style="list-style-type: none"> <input type="checkbox"/> Region : Global <input type="checkbox"/> Launch : Sep '13 <input type="checkbox"/> Name: 960GB 3D V-NAND SSD
Mass produce 20nm 4GB DDR3 DRAM for server	<ul style="list-style-type: none"> <input type="checkbox"/> Mass produce ultra-fine 20nm 4GB DDR3 DRAM as the first in the world - Applied independently developed high-density/high-speed/low-power consumption technology - Enhanced productivity by 30% compare to 25nm <input type="checkbox"/> PC and server full line-up to be launched with 20nm 4GB DRAM - Enhance competitiveness by launching the whole line-up including mobile in the future 	<ul style="list-style-type: none"> <input type="checkbox"/> Region : Global <input type="checkbox"/> Launch : Feb '14 <input type="checkbox"/> Name : 4GB DDR3 DRAM
Develop new ISOCELL image sensor	<ul style="list-style-type: none"> <input type="checkbox"/> Launched new 1600 megapixel ISOCELL image sensor - Clear image even in dark places - 1600 megapixel / 30fps per second (first in the industry) - 16:9 aspect ratio FullHD resolution <input type="checkbox"/> Developed 1300 megapixel stacked ISOCELL image sensor - Smaller chip size and wider circuit range by applying stacked structure - Diversification of exposure with smart WDR function improves color in backlight 	<ul style="list-style-type: none"> <input type="checkbox"/> Region : Global <input type="checkbox"/> Launch : Mar '14 <input type="checkbox"/> Name : S5K2P2

Research project	Research results and expected effect	In case applied to a product, name of the product and application
Develop new mobile AP product with HMP solution	<ul style="list-style-type: none"> □ Launched new Exynos 5 Octa (5422) product <ul style="list-style-type: none"> - Enhance power efficiency by combining and utilizing 8 high-capacity/low-power consumption cores through applying HMP solution - Support WQHD and WQXGA ultra-high resolution - Strengthen low-power consumption capacity by using automatic conversion to power save mode and mobile video compression technology □ Launched new Exynos 5 Hexa (5250) product <ul style="list-style-type: none"> - Enhance power efficiency by combining and utilizing 6 high-capacity/low power consumption cores through applying HMP solution - Support WQXGA ultra-high resolution 	<ul style="list-style-type: none"> □ Region : Global □ Launch: Jan/Mar '14 □ Name : Exynos5250/ Exynos5422
Develop new smart card product	<ul style="list-style-type: none"> □ Launched NFC with internal flash memory (e-flash) <ul style="list-style-type: none"> - Used 45nm e-flash logic process as the only one in the industry, which improves density and power efficiency compare to 90nm products - Miniaturized products by supporting smallest antenna solution - Enabled mobile POS through NFC chip as the first in the industry ※ POS (Point of Sales): point of sale information management system 	<ul style="list-style-type: none"> □ Region : Global □ Launch: Jan '14 □ Name : S3FWRN5
UHD TV HU9000	<ul style="list-style-type: none"> □ Ultimate Curved UHD TV that provides perfect immersive experience <ul style="list-style-type: none"> - Adopted ergonomic Curved LED Panel □ Clear differentiation values compare to competitors <ul style="list-style-type: none"> - Smart Hub function with Multi-Link Screen added - The only Evolutionary UHD TV □ Premium design <ul style="list-style-type: none"> - Ergonomic Curved Design - The best premium image through Immersive Viewing Experience 	<ul style="list-style-type: none"> □ Region : Global □ Launch: Mar '14 □ Inch : 55"/65"
UHD TV HU9000 (105")	<ul style="list-style-type: none"> □ Wide Curved(21:9) 105" UHD TV <ul style="list-style-type: none"> - Introduced ultra-large size 105" Curved UHD TV as the first in the world - Adopted SDC 4200R 105" Wide Curved Panel - Applied Golf-AP/MP Platform - Provide ultimate immersive experience and realistic viewing experience 	<ul style="list-style-type: none"> □ Region : Middle East □ Launch : Jun '14 □ Inch : 105"
Mass produce 2 nd generation V-NAND based 1TB SSD for PC	<ul style="list-style-type: none"> □ Mass produced 2nd generation 3D V-NAND based 1TB SSD as the first in the world <ul style="list-style-type: none"> - Opened up 'the era of popularized 3D memory' with 2nd generation V-NAND - Target PC market after creating server market last year □ Launched high-reliability, high-capacity, low-power consumption V-NAND SSD line-up <ul style="list-style-type: none"> - Increased life by twofold and reduced power consumption by 20% compare to existing SSD - Launch 'V-NAND SSD' in 53 nations around the world starting in July 	<ul style="list-style-type: none"> □ Region : Global □ Launch : May '14 □ Name : 1TB, V-NAND SSD
Develop new ISOCELL Image sensor	<ul style="list-style-type: none"> □ Develop 1300 megapixel stacked ISOCELL image sensor <ul style="list-style-type: none"> - Smaller chip size and wider circuit range by applying stacked structure - Diversification of exposure with smart WDR function improves color in backlight 	<ul style="list-style-type: none"> □ Region : Global □ Launch : Jun '14 □ Name : S5K3M2
Develop new mobile AP product	<ul style="list-style-type: none"> □ Launched new Exynos 5 Octa (5430) product <ul style="list-style-type: none"> • Increased power efficiency by applying 20nm low-power consumption HKMG process • Enhanced performance by applying HMP solution and can work individually depending on low power core needs • Enhanced low power consumption property by using automatic conversion to power save mode and mobile video compression technology • Support WQHD and WQXGA ultra high-resolution 	<ul style="list-style-type: none"> □ Region : Global □ Launch : Jun '14 □ Name : Exynos 5430

11. Other Information for Investment Decision Making

A. Intellectual property right

In 2013, the Company applied for 7,643 domestic patents and 11,289 overseas patents, including approval for 4,676 US patents, maintaining second place in terms of numbers of patents registered in US amongst global technology companies, for eight consecutive years since 2006.

<Number of patents registered in each country (as of December 31, 2013, cumulative)>

(Unit: # of Patents)

	Korea	US	Europe	China	Japan	Others
Number	36,559	34,203	15,091	9,898	7,143	7,871

The Company first registered US patents in 1984, and now holds 110,765 patents around the world. The Company holds a significant number of registered US patents to efficiently respond to disputes in the U.S

<Number of patents registration per year>

(Unit: # of Patents)

	'13	'12	'11	'10	'09	'08	'07
Korea	2,762	2,013	1,610	1,612	1,485	4,740	10,974
US	4,676	5,081	4,894	4,551	3,611	3,515	2,725

These patents are mostly related to smartphone, flash memory, System LSI and DTV for the Company's strategic business products or for future use. These patents not only protect the Company's business but also play the role of keeping similar technology and patents, as well as competitors in check. In addition, as some of the patents are for new material, new multimedia codec, and next-generation mobile communication, the Company expects them to protect its business in the future when it enters into new businesses.

The Company has also been focusing on securing design patents to protect its original design applied to smartphone and LED TV, acquiring 516 US patents in 2013.

B. Environmental regulations

The Company strictly abides by environmental regulations on products and workplace prescribed by law. In addition, to following the low carbon green growth policy of the Korean government, the Company is increasing the number of "Green Technology Green Projects Certifications," and reports "the amount of CO2 emission and energy use" to the government and transparently provides related information to stakeholders.

(Refer to 『9. Green Management』 of 『VIII. Other Information Related to Investment Protection』 for more details about green technology certification.)

(Environmental regulation on products)

Electronics can directly and indirectly impact consumers' health and safety as consumers carry them or install at home for use. Thus environmental regulations on products are getting stricter. Accordingly, the Company is working to minimize environmental impact throughout the whole life cycle of products from development stage of components and products to manufacturing, distribution, use, and disposal. The Company offers "Eco partner Certification" to partner companies for components without harmful substances, and runs an "Eco design evaluation" system to reflect eco-friendly elements on

products (reduced use of resources, energy, and harmful substances, and application of eco-friendly materials) at the development stage, and operates a “waste electronics collection recycle system” in Europe, North America, Korea, and India for collecting and recycling waste electronics. These activities are in line with domestic and foreign environmental laws on electronics and are a differentiation factor of the Company and its products.

Examples of applicable laws impacting the Company in several companies include the following:

1. Law on collection · recycle of waste electronics (ex. EU WEEE Directive)
2. Limit on the use of harmful substances (ex. EU RoHS Directive, REACH Regulation)
3. Regulation on energy efficiency (ex. EU ErP Directive)

(Environmental regulations on workplace)

The Company operates environmental pollution prevention facilities for preventing air pollution, water pollution, and disposal of waste to minimize discharge of pollutants, thereby minimizing impact on the surrounding environment.

Environmental management of workplace is supervised by relevant government authorities. All production facilities, domestic and overseas, have acquired International Occupational Health and Safety Management System Certification (ISO 14001, OHSAS18001) to strengthen compliance.

Major relevant laws at home and abroad are as follows;

1. Regulation related to emission of pollutants: Water Quality and Ecosystem Conservation Act, Clean Air Conservation Act, Wastes Control Act, Noise and Vibration Control Act, Environmental Impact Assessment Act
2. Management of greenhouse gas emission: Greenhouse gas emission report, Goal management system
3. Others: Toxic Chemicals Control Act, Odor Control Law, Soil Environment Conservation Act

(Greenhouse gas emission and energy consumption management)

The Company is a “controlled entity” according to article 42 of the “Framework Act on Low Carbon, Green Growth.” Thus, the Company has been reporting the amount of greenhouse gas emission and energy consumption, verified by a third-party, to the authorities and disclosing it to stakeholders according to article 44 of the same Act since May 2011.

The reported amount of greenhouse gas emission and energy use is presented below:

	2013	2012	2011
Greenhouse gas (Unit: tCO ₂ e)	6,303,033	6,004,674	9,955,301
Energy (Unit: TJ)	96,298	91,330	125,370

- ※ 62 workplaces including domestic manufacturing facilities, company buildings, and company owned buildings.
- ※ DP business was excluded from the 2012 total due to the separation of Samsung Display.
- ※ Ozone Depletion Substance (ODS) excluded.

The Company achieved its own greenhouse emission and energy consumption limit goal for 2013 by converting facilities to meet greenhouse gas reduction and energy-saving standards.

III. Management Discussion and Analysis

Pursuant to the reporting guidelines set forth by the *Financial Supervisory Service* of South Korea, the Management Discussion and Analysis section, reported in the annual Business Report, is not included in quarterly and half year reports.

IV. Corporate Governance and Affiliates

1. Board of Directors

A. Overview of Board of Directors

As of June 30, 2014, the Board of Directors (BOD) consists of 9 directors, 4 of whom are executive directors (Oh-Hyun Kwon, Boo-Keun Yoon, Jong-Kyun Shin, and Sang-Hoon Lee) and 5 independent directors (In-Ho Lee, Han-Joong Kim, Kwang-Soo Song, Byeong-Gi Lee, and Eun-Mee Kim). The Board has 6 committees as follows: Management Committee, Audit Committee, Independent Director Recommendation Committee, Related Party Transactions Committee, Compensation Committee, and CSR Committee.

B. The BOD Resolutions considered and voting results

Date	Agenda	Results	Independent directors				
			In-Ho Lee	Han-Joong Kim	Kwang-Soo Song	Byeong-Gi Lee	Eun-Mee Kim
Jan 24, 2014	① Approval of FY2013 financial statements and annual business report ② Approval of FY2014 business plan ③ Revision to management committee regulations ④ Participation in Samsung BioLogics equity rights offerings ⑤ Appointment of compliance officer ※ Reported Items ① Report on the internal accounting management system ② Assessment of the internal accounting management system ③ Report on the results of establishment of research committee for environmental safety	Approved Approved Approved Approved Approved	For For For For For	For For For For For	For For For For For	For For For For For	For For For For For
Feb 18, 2014	① Decision to convene the 45 th (FY2014) AGM ② Decision of the 45th AGM agenda items - report items: 1) FY2013 annual audit report 2) FY2013 annual business report - Item 1: Approval of FY2013 financial statements, including balance sheet, income statement, and the statement of appropriation of retained earnings, etc. - Item 2: Approval of remuneration limit for Directors ③ Donation to Chung-nam Samsung Institute ※ Reported Item ① Report on the results of compliance review	Approved Approved Approved	Did not attend	For For	For For	For For	Did not attend
Apr 29, 2014	① Approval of 1Q FY14 financial statements and business report ② Renewal of the existing Directors' liability insurance policy ③ Donation ④ Application for Venture Capital Union	Approved Approved Approved Approved	For For For For	For For For For	For For For For	For For For For	For For For For
Jun 03, 2014	① Disposal of technology assets ② Equity investments ③ A property Leasing contract with Samsung Display ※ Reported Items ① Research results and findings from the advancement of corporate ecosystem research council ② Reported Progress of research results for the environmental safety	Approved Approved Approved	For For For	For For For	For For For	For For For	For For For

C. The Committees of BOD

(1) Composition of the BOD Committees as of June 30, 2014

Committee Name	Members	Member Name	Responsibility and Authority
Management	4 Executive Directors	Oh-Hyun Kwon, Boo-Keun Yoon, Jong-Kyun Shin, Sang-Hoon Lee	See description below
Related Party Transactions	3 Independent Directors	In-Ho Lee, Han-Joong Kim, Kwang-Soo Song	
Compensation	3 Independent Directors	Kwang-Soo Song, In-Ho Lee, Byeong-Gi Lee	
CSR	5 Independent Directors	Byeong-Gi Lee, In-Ho Lee, Han-Joong Kim, Kwang-Soo Song, Eun-Mee Kim	

i) The Management Committee

- *Responsibility:* The Management Committee deliberates and decides on matters specified by the BOD regulations or specifically delegated by the BOD. The composition and operation of the management committee are determined by the BOD.

- *Authority*

The Management Committee deliberates and decides on the following matters:

(A) General management

1. Annual or mid to long-term management policy and strategy
2. Key management strategy
3. Business planning and restructuring
4. Establishment, relocation, and withdrawal of overseas branch and corporation
5. Initiating cooperation such as strategic partnership with foreign companies
6. Purchasing or disposal of domestic and overseas subsidiaries
7. Other major management matters
8. Establishment, relocation, and withdrawal branches and operations
9. Appointment or dismissal of supervisors
10. Production suspension, shutdown when reached over 5% of output compared to the recent business year
11. Technology licensing agreements and technology transfer, partnership of over 0.5% of total equity
12. Acquisitions and transfers of patents related to new material and new technology of over 0.5% of total equity
13. Collection and destruction of products corresponding to over 5% of sales in the recent business year
14. Approve a single contract for over 5% of sales compared to the recent business year
15. Approve or cancellation of single sales/purchase contract over 5% of sales compared to the recent business year
16. Set basic principles of organization management
17. Decision making on basic principles related to wages, bonus, and fringe benefits
18. Appointments, dismissals and changes of transfer agent
19. Closing of shareholder register and setting reference date
20. Establishing corporate guidelines for business and management related activities
21. Donations over KRW 50 billion per donation. Donation to related parties between KRW 1 billion and KRW 5 billion

(B) Matters related to Finance

1. Acquisitions or disposals of equity investments with a value between 0.1% and 2.5% of total equity
2. Direct overseas investments with a value of over 0.1% and/or less than 2.5% of total equity
3. New debt guarantee or collateral (excluding extension of period) issuance with a value of over 0.1% and/or less than 2.5% of total equity
 - A. Collateral: Only in the case of providing collateral for others
 - B. Guarantee: Excludes performance guarantee (e.g., bid, contract, defect, difference guarantee) and tax payment guarantee
4. New credit agreement contract (excluding extension of period) with a value of over 0.1% and/or less than 5% of total equity
5. Approval of related party transactions:
Related party transactions with affiliates involving cash (loans and payments), equity (stocks and bonds) or assets (such as real estate and intangible property rights) with a value between KRW 1 billion and KRW 5 billion, as defined in the Monopoly Regulation and Fair Trade Act (excluding cases where existing contracts are renewed without significant change).
6. Issuance of Corporate Bond
7. Acquisition and disposal of real estate with a value of over 0.1% of total equity, provided that the transaction is with the third party
8. Any matters that the CEO deems necessary and important for the business (e.g., CAPEX)

(C) All other matters except for those delegated to the BOD and other committees in accordance with BOD regulations

ii) Related Party Transactions Committee

- *Responsibility*: Improve management transparency through establishment of a voluntary compliance system

- *Authority*

- 1) Right to receive reports on related party transactions:
The Committee can request reports on related party transactions with affiliates
※ According to the Monopoly Regulation and Fair Trade Act, the Related Party Transactions committee is permitted to conduct preliminary reviews on related party transactions over KRW 5 billion and other transactions that are deemed as significant.
- 2) Right to order ex officio investigation of related party transactions
- 3) Right to propose corrective measures for related party transactions

iii) Compensation Committee

- *Responsibility*: Provide transparent and objective decision making process related to remuneration of directors

- *Authority*

- 1) Propose remuneration limit of executive directors at annual general shareholders' meeting
- 2) Establish the executive director remuneration system
- 3) Other matters delegated by the Board

iv) CSR Committee

- *Responsibility*: Address social responsibilities of the Company and make contributions to public interest

- *Authority*

- 1) Make decisions on matters related to social contributions of the Company
- 2) Establish research groups under the committee, appoint researchers, and devise CSR management plan
- 3) Other matters delegated by the Board

(2) The BOD Committee Activities

※ The Audit Committee and Independent Director Recommendation Committee were excluded according to *Corporate Disclosure Guidelines* set forth by the *Financial Supervisory Service Authority* of South Korea.

□ The Management Committee

Name	Date	Resolution	Voting Results	Attendance/Voting Results of Independent Directors
Management Committee	Jan 20, 2014	<ul style="list-style-type: none"> ① Patent license agreement ② Patent license agreement ③ Establishment of production base in the Republic of South Africa ④ Product donations to Chung-nam Samsung Institute 	<ul style="list-style-type: none"> Approved Approved Approved Approved 	N/A (All comprised of executive directors)
	Feb 19, 2014	<ul style="list-style-type: none"> ① Technology license agreement ② Liquidation of a subsidiary 	<ul style="list-style-type: none"> Approved Approved 	
	Mar 19, 2014	<ul style="list-style-type: none"> ① Ownership sales of Samsung Bluewings 	<ul style="list-style-type: none"> Approved 	
	May 14, 2014	<ul style="list-style-type: none"> ① Increase the limit on trade finance ② Exercise of voting rights for merger with affiliates ③ Donation 	<ul style="list-style-type: none"> Approved Approved Approved 	
	Jun 3, 2014	<ul style="list-style-type: none"> ① Patent license agreement ② Closing of shareholder register for interim dividend 	<ul style="list-style-type: none"> Approved Approved 	

□ **The Related Party Transactions Committee**

Date	Agenda	Voting Results	Name of independent directors		
			In-Ho Lee (Attendance: 75%)	Han-Joong Kim (Attendance: 100%)	Kwang-Soo Song (Attendance: 100%)
			For/against		
Jan 23, 2014	- Preliminary review on large-scale related party transactions 1) Participation in Samsung BioLogics capital raising - Report on 4Q13 related party transactions	N/A	-	-	-
Feb 18, 2014	- Preliminary review on large-scale related party transactions 1) Donation to Chung-nam Samsung Institute	N/A	Did not attend	-	-
Apr 28, 2014	- Preliminary review on large-scale related party transactions 1) Renewal of the existing directors' liability insurance policy 2) Donation 3) Application for Venture Capital Union - Report on 1Q14 related party transactions	N/A	-	-	-
Jun 3, 2014	- Preliminary review on large-scale related party transactions 1) Disposal of Technology assets 2) Ownership investment 3) Rental contract with Samsung Display	N/A	-	-	-

※ Agendas presented here are non-voting resolutions.

□ **The Compensation Committee**

Date	Agenda	Voting Results	Name of Independent Directors		
			Kwang-Soo Song (Attendance: 100%)	In-Ho Lee (Attendance: 50%)	Byeong-Gi Lee (Attendance: 100%)
			For/Against		
Feb 13, 2014	Appointment of the head of compensation committee	Approved	For	For	For
Feb 18, 2014	Preliminary review on remuneration limit for Directors	Approved	For	Did not attend	For

□ **The CSR Committee**

Date	Agenda	Voting Results	Name of Independent Directors				
			Byeong-Gi Lee (Attendance: 100%)	In-Ho Lee (Attendance: 100%)	Han-Joong Kim (Attendance: 100%)	Kwang-Soo Song (Attendance: 100%)	Eun-Mee Kim (Attendance: 50%)
			For/Against				
Jan 24, 2014	- Establishment of research committee for the environmental safety and appointment of research members	Approved	For	For	For	For	For
May 30, 2014	- Report on research results of research committee for the advancement of corporate ecosystem - Report on research committee for environmental safety	N/A	-	-	-	-	Did not attend

※ Agendas presented here are non-voting resolutions.

D. Director Independence

(1) Appointment of Directors

Directors are appointed by shareholders at the annual general meeting of shareholders. The Board is responsible for nominating candidates for Executive Directors, and the Independent Director Recommendation Committee nominates independent director candidates, which are presented to shareholders as separate resolutions and voted on at the annual general meeting.

The Board submits shareholders' proposal for appointment of Directors at the annual general shareholder meeting as a separate resolution if the proposal satisfies related laws and regulations.

The Board of Directors appointed by shareholders is as follows:

[As of June 30, 2014]

Position	Name	Nominated by	Responsibility	Transactions with the Company	Relation with the controlling shareholder
Executive Director	Oh-Hyun Kwon	BOD	Chairman of BOD Head of DS division	N/A	N/A
Executive Director	Boo-Keun Yoon	BOD	Head of CE division		
Executive Director	Jong-Kyun Shin	BOD	Head of IM division		
Executive Director	Sang-Hoon Lee	BOD	CFO, Head of Corporate Management Office		
Independent Director	In-Ho Lee	Independent Director Recommendation Committee	Overall management of the Company		
Independent Director	Han-Joong Kim	Independent Director Recommendation Committee	Overall management of the Company		
Independent Director	Kwang-Soo Song	Independent Director Recommendation Committee	Overall management of the Company		
Independent Director	Byeong-Gi Lee	Independent Director Recommendation Committee	Overall management of the Company		
Independent Director	Eun-Mee Kim	Independent Director Recommendation Committee	Overall management of the Company		

※ Oh-Hyun Kwon, Boo-Keun Yoon, and Jong-Kyun Shin are appointed as the Represented Directors of the Company in accordance with the Commercial Act of Korea.

(2) Independent Director Recommendation Committee

The Independent Director Recommendation Committee assesses the independence and ability of potential candidates and recommends selected candidates to be appointed at the annual general meeting of shareholders. The committee is composed of three Independent Directors (Han-Joong Kim, Byeong-Gi Lee, Eun-Mee Kim) and one Executive Director (Oh-Hyun Kwon) based on related laws that states more than a majority of members should be independent directors in accordance with clause 4 of Article 542-8 of the Commercial Law.

(3) Professionalism of Independent Directors

There are designated support organizations in the Company that support independent directors to perform their duties professionally in the BOD and the Board committees. The organizations provide reference materials on resolutions in advance so Directors can thoroughly review them before the Board and committee meetings. If necessary, the organizations provide separate information sessions on any resolution and frequently provide updates on other key management issues. In addition, the organizations conduct internal education programs which allow for Independent Directors to visit and conduct inspect domestic and overseas business sites and receive reports of the current state of business operation.

2. Audit System

A. Profile of the member of the Audit Committee

As of June 30, 2014, the Company operates an Audit Committee consisting of 3 Independent Directors.

Name	Career	Note
In-Ho Lee	<ul style="list-style-type: none">– Corporate Advisor, Shinhan Bank (2009-2011)– Chief Executive Officer, Shinhan Financial Group (2005-2009)– President & CEO, Shinhan Bank (1999-2003)	Independent director
Han-Joong Kim	<ul style="list-style-type: none">– Professor Emeritus, Yonsei University (2012~Present)– President, Yonsei University (2008-2012)– Professor, Dept. of Preventive Medicine & Public Health (1982-2012)	Independent director
Kwang-Soo Song	<ul style="list-style-type: none">– Advisor, Kim & Chang Law Office (2007-Present)– Prosecutor General, Supreme Prosecutors' Office (2003-2005)– Chief Prosecutor, Daegu High Prosecutors' Office (2002-2003)	Independent director

B. Audit Committee Independence

Pursuant to related laws and the Articles of Incorporation, the Company has prepared internal audit regulations which encompass composition, operation, authority and responsibility of the Audit Committees to carry out audit related activities.

The Audit Committee is exclusively composed of Independent Directors appointed by the Board resolution and includes audit and financial experts. Also, the Audit Committee satisfies requirements of relevant laws; for example, the stipulation that the role of head of the committee be held by an Independent Director.

The Audit Committee reviews accounting documents including financial statements and results and audit process related documents presented by the external auditor, and if needed, requests the external auditor to perform additional reviews on accounting books and records. To ensure the reliability of accounting related disclosures, the audit committee receives and reviews a report on internal accounting control systems prepared by internal accounting managers. In addition, the Committee attends audit related BOD and other significant meetings. The Committee receives reports on deliberations of the Management Committee and on business performance, from Directors, and requests additional reviews and supplementation of data as needed.

C. Major Activities of the Audit Committee

See the table below for major activities of the Audit Committee by reporting date.

Name	Date	Agenda	Voting Results	Name of independent directors		
				In-Ho Lee (Attendance: 67%)	Han-Joong Kim (Attendance: 100%)	Kwang-Soo Song (Attendance: 100%)
				For/Against		
Audit Committee	Jan 23, 2014	<ul style="list-style-type: none"> - 2013 financial and business reports - Report on 2013 internal accounting management system activities - Report on 4Q13 non-audit activities - Report on appointment plan of external auditor - Report on 2013 audit activities 	- - - - -			
	Feb 18, 2014	<ul style="list-style-type: none"> - Review and approval of appointment of external auditor - Review of the 2013 AGM agenda - Assessment of 2013 activities of internal compliance system 	Approved - -	Did not Attend	For - -	For - -
	Apr 28, 2014	<ul style="list-style-type: none"> - Report on the 1Q2014 financial statements and business report - Report on 1Q14 non-audit activities 	- -	- -	- -	- -

3. Voting rights of shareholders

A. Voting method

The Company has not adopted the concentrated voting system, voting in writing, or electronic voting system.

B. Minority Shareholder Right

No minority shareholder right was exercised during the period.

C. Competition over management right

No competition over management rights arose during the period.

4. Affiliates & Subsidiaries

A. Affiliates

- Name of affiliated group: Samsung Group

As at June 30, 2014, Samsung Group had a total of 73 domestic affiliates. Compared to December 31, 2013, three new affiliate (Samsung Welstory, Samsung Card Customer Service, and Seoul Lakeside CC) were added and five (Samsung Corning Precision Materials, Samsung SNS, Global Tech, 365Homecare, and Samsung Petrochemical) were excluded. Among Samsung Group's 73 affiliates, 17 including Samsung Electronics are listed, and 56 are unlisted.

[As of June 30, 2014]

	No. of affiliates	Name of affiliates
Listed	17	Samsung C&T, Cheil Industries, Samsung Electronics, Samsung SDI, Samsung Techwin, SEMCO, Samsung Heavy Industries, Samsung Card, Samsung Life Insurance, Hotel Shilla, Samsung Fire & Marine Insurance, Samsung Securities, Samsung Fine Chemicals, Samsung Engineering, S1, Cheil Worldwide, CREDU
Unlisted	56	Samsung Everland, Samsung SDS, Samsung General Chemicals, Samsung Total Petrochemicals, Samsung Lions, SERI, STECO, Samsung Thales, SEMES, Samsung Electronics Sales, Samsung Electronics Service, Samsung Electronics Logitech, Hantok Chemicals, CVnet Corporation, Care Camp, Allat., SECUI, Gacchinet, Open Tide Korea, Samsung Futures, Samsung Venture Investment Corporation, Samsung Asset Management, Saengbo, SD Flex, World Cyber Games, Samsung Claim Adjustment Service, Samsung Fire & Marine Insurance Service, S-Core, Suwon Samsung Bluewings FC, Human TSS, RAY, Songdo Land Mark City, S-1CRM, OpenHands, S-EnPol, Samsung Medison, Samsung Biologics, SMP, STM, Nuri Solution, Colombo Korea, Samsung Life Service, Miracom, SU Materials, Natural9, Samsung Display, Samsung Bioepis, Samsung Corning Advanced Glass, Daejung Offshore Wind Power Co., Ltd., SAMSUNG SRA Asset Management, Jeongahm Wind Power, SKKU dormitory, Samsung SGL Carbon Composite Materials, Samsung Welstory, Samsung Card Customer Service, Seoul Lakeside CC
Total	73	

※ "World Cyber Games" ceased to be an affiliate in July 2014.

B. Share Ratio of Affiliates and Subsidiaries

1) Domestic

Invested Investing	Samsung C&T Corp	Cheil Industries Inc.	Samsung Electronics	Samsung SDI	Samsung Electro-Mechanics	Samsung Heavy Industries	Samsung Techwin	Hotel Shilla	Samsung Engineering	Cheil Worldwide	Samsung Fine Chemicals	S1 Corporation	Samsung SDS
Samsung C&T Corporation			4.1				4.3		7.8	12.6	5.6		17.1
Cheil Industries Inc.						0.4	0.1		13.1		3.2		
Samsung Electronics		8.6		25.2	23.7	17.6	25.5	5.1		2.6	8.4		22.6
Samsung SDI	7.4							0.1			11.5	11.0	
Samsung Electro-mechanics						2.4					0.3		7.9
Samsung Everland						0.1							
Samsung Heavy Industries													
Samsung Techwin						0.1							
Cheil Worldwide						0.1							
Samsung Fine Chemicals													
Samsung General Chemicals													
Hotel Shilla											2.2		
S1 Corporation													
SERI													
Samsung SDS													
Samsung Life Insurance	0.6	0.1	7.6	0.3		3.5	0.6	7.6	0.0			5.5	
Samsung Fire & Marine Insurance	4.8	0.0	1.3	0.0	0.0	0.0	0.0	0.0	1.1	0.0	0.0	1.0	
Samsung Securities.							2.0	3.1				1.3	
Samsung Card								1.3		3.0		1.9	
SDC													
Samsung BioLogics													
SVIC #6													
SKK Univ													
Total	12.8	8.7	12.9	25.5	23.7	24.2	32.4	17.2	22.0	18.3	31.1	20.7	47.5

※ (% Ownership, As of June 30, 2014, Based on Common shares)

Invested Investing	Samsung Everland	Samsung General Chemicals.	Samsung Total Petrochemicals	Hantok Chemicals	Samsung Lions	SERI	STECO	SEMES	Samsung Electronics Service	Samsung Electronics Sales	Suwon Samsung Bluewings FC	Samsung Electronics Logitech	Samsung Display
Samsung C&T Corporation	1.5	37.3			7.5	1.0							
Cheil Industries Inc.,	4.0	3.9			15.0	1.0							
Samsung Electronics		5.3			27.5	29.8	51.0	91.5	99.3	100.0		100.0	84.8
Samsung SDI	4.0	9.2				28.6							15.2
Samsung Electro-mechanics	4.0	9.0			12.5	23.8							
Samsung Everland					2.0								
Samsung Heavy Industries						1.0							
Samsung Techwin		22.7											
Cheil Worldwide		0.3			3.0						100.0		
Samsung Fine Chemicals		3.1		50.0									
Samsung General Chemicals			50.0										
Hotel Shilla .													
S1 Corporation													
SERI													
Samsung SDS													
Samsung Life Insurance						14.8							
Samsung Fire & Marine Insurance.													
Samsung Securities													
Samsung Card	5.0												
SDC													
Samsung BioLogics													
SVIC #6													
SKK Univ													
Total	18.5	90.8	50.0	50.0	67.5	100.0	51.0	91.5	99.3	100.0	100.0	100.0	100.0

※ (% Ownership, As of June 30, 2014, Based on Common shares)

Invested Investing	Ray	Samsung Medison	Samsung BioLogics	Samsung BioEpis	Samsung Corning Advanced Glass	SU Materials	Samsung Thales	CVnet	Care Camp	Songdo Landmark City	Seoul Lakeside CC	SD Flex	Colombo Korea
Samsung C&T Corporation			7.3					40.1	52.8	41.4	80.0		
Cheil Industries Inc.,												50.0	
Samsung Electronics		68.5	44.5										
Samsung SDI													
Samsung Electro-mechanics													
Samsung Everland			44.5								20.0		100.0
Samsung Heavy Industries													
Samsung Techwin							50.0						
Cheil Worldwide													
Samsung Fine Chemicals													
Samsung General Chemicals													
Hotel Shilla													
S1 Corporation													
SERI													
Samsung SDS								9.4					
Samsung Life Insurance													
Samsung Fire & Marine Insurance.													
Samsung Securities													
Samsung Card													
SDC					50.0	50.0							
Samsung BioLogics				88.2									
SVIC #6	64.6												
SKK Univ													
Total	64.6	68.5	96.3	88.2	50.0	50.0	50.0	49.5	52.8	41.4	100.0	50.0	100.0

※ (% Ownership, As of June 30, 2014, Based on Common shares)

Invested Investing	Natural9	Samsung Welstory	Daejung Offshore Wind Power	Jeongahm Wind Power	SECUI	Human TSS	S-1CRM	S-EnPol	SMP	STM	CREDU	Gaccinet	Open Tide Korea
Samsung C&T Corporation													
Cheil Industries Inc.,													
Samsung Electronics													
Samsung SDI										13.8			
Samsung Electro-mechanics													
Samsung Everland	51.0	100.0			8.7							21.0	
Samsung Heavy Industries			50.1	50.0									
Samsung Techwin													
Cheil Worldwide													9.8
Samsung Fine Chemicals								100.0	16.1	58.0			
Samsung General Chemicals													
Hotel Shilla													
S1 Corporation					52.2	100.0	93.4						1.1
SERI											15.2	5.2	
Samsung SDS					4.3						47.2	10.5	70.2
Samsung Life Insurance											0.0		
Samsung Fire & Marine Insurance.													
Samsung Securities												1.6	
Samsung Card												3.3	
SDC													
Samsung BioLogics													
SVIC #6													
SKK Univ													
Total	51.0	100.0	50.1	50.0	65.2	100.0	93.4	100.0	16.1	71.8	62.4	41.5	81.1

※ (% Ownership, As of June 30, 2014, Based on Common shares)

Invested Investing	S-Core	OpenHands	Miracom	Nuri Solution	Samsung SGL Carbon Composite Materials	SKKU dormitory	Samsung Life Insurance	Saengbo	Samsung Life Service	Samsung SRA Asset Management	Samsung Fire & Marine Insurance	Samsung Claim Adjustment Service
Samsung C&T Corporation												
Cheil Industries Inc.,												
Samsung Electronics												
Samsung SDI												
Samsung Electro-mechanics												
Samsung Everland							19.3					
Samsung Heavy Industries												
Samsung Techwin												
Cheil Worldwide												
Samsung Fine Chemicals												
Samsung General Chemicals					50.0							
Hotel Shilla												
S1 Corporation												
SERI												
Samsung SDS	94.8	100.0	100.0	100.0								
Samsung Life Insurance								50.0	99.8	100.0	15.0	
Samsung Fire & Marine Insurance.												99.9
Samsung Securities												
Samsung Card												
SDC												
Samsung BioLogics												
SVIC #6												
SKK Univ						100.0						
Total	94.8	100.0	100.0	100.0	50.0	100.0	19.3	50.0	99.8	100.0	15.0	99.9

※ (% Ownership, As of June 30, 2014, Based on Common shares)

Invested Investing	Samsung Fire & Marine Insurance Service	Samsung Securities	Samsung Card	Allat	Samsungcard Customer Service	Samsung Asset Management	Samsung Futures	Samsung Venture Investment
Samsung C&T Corporation		0.3						
Cheil Industries Inc.,								
Samsung Electronics			37.5					16.3
Samsung SDI								16.3
Samsung Electro-mechanics								17.0
Samsung Everland				30.0				
Samsung Heavy Industries						3.9		17.0
Samsung Techwin								16.7
Cheil Worldwide								
Samsung Fine Chemicals								
Samsung General Chemicals								
Hotel Shilla								
S1 Corporation								
SERI								
Samsung SDS								
Samsung Life Insurance		11.1	34.4			5.5		
Samsung Fire & Marine Insurance.	100.0	8.0				1.2		
Samsung Securities						65.3	99.5	16.7
Samsung Card				30.0	100.0			
SDC								
Samsung BioLogics								
SVIC #6								
SKK Univ								
Total	100.0	19.4	71.9	60.0	100.0	75.8	99.5	100.0

※ (% Ownership, As of June 30, 2014, Based on Common shares)

2) Overseas

Investing Company	Invested Company	Ownership
Samsung C&T Corporation	Myodo Metal .Co., Ltd.	100.0
Samsung C&T Corporation	Samsung C&T Japan Corporation	100.0
Samsung C&T Corporation	Samsung C&T America Inc.	100.0
Samsung C&T Corporation	Samsung Finance Corporation.	80.0
Samsung C&T Corporation	Samsung E&C America, INC.	100.0
Samsung C&T Corporation	Samsung Oil & Gas USA Corp	90.0
Samsung C&T Corporation	Samsung Renewable Energy Inc.	100.0
Samsung C&T Corporation	SCNT Power Norte S. De R.L. de C.V.	100.0
Samsung C&T Corporation	QSSC, S.A. de C.V.	60.0
Samsung C&T Corporation	Samsung C&T Oil & Gas Parallel	100.0
Samsung C&T Corporation	Samsung C&T Automation Inc.	70.0
Samsung C&T Corporation	Samsung C&T Canada Ltd.	100.0
Samsung C&T Corporation	Samsung C&T Deutschland GmbH	100.0
Samsung C&T Corporation	Samsung C&T U.K. Ltd.	100.0
Samsung C&T Corporation	Xiod Distribution	25.0
Samsung C&T Corporation	Samsung C&T France S.A.S	100.0
Samsung C&T Corporation	Samsung C&T ECUK Limited	100.0
Samsung C&T Corporation	Whessoe Project Limited.	100.0
Samsung C&T Corporation	SCNT Investment Atlantic SPRL	100.0
Samsung C&T Corporation	POSS-SLPC, s.r.o	50.0
Samsung C&T Corporation	Solluce Romania 1 B.V.	80.0
Samsung C&T Corporation	SAM investment Manzanilo.B.V	53.3
Samsung C&T Corporation	Solluce Slovenia 1 B.V.	80.0
Samsung C&T Corporation	Ecosolar OOD	100.0
Samsung C&T Corporation	Ecoenergy Solar OOD	100.0
Samsung C&T Corporation	Agirlplam EOOD	100.0
Samsung C&T Corporation	Fishtrade EOOD	100.0
Samsung C&T Corporation	Manageprojekt EOOD	100.0
Samsung C&T Corporation	Solar Park EOOD	100.0
Samsung C&T Corporation	Veselinovo Energy OOD	100.0
Samsung C&T Corporation	Samsung C&T Construction Hunga	100.0
Samsung C&T Corporation	Samsung C&T (KL) Sdn.,Bhd.	100.0
Samsung C&T Corporation	Samsung C&T Malaysia SDN. BHD	100.0
Samsung C&T Corporation	Erdsam Co., Ltd.	100.0
Samsung C&T Corporation	Samsung Chemtech	51.7
Samsung C&T Corporation	S-print Inc	40.0
Samsung C&T Corporation	Cassava Investment Korea Pte. Ltd.	29.7
Samsung C&T Corporation	P.T. Samsung Development	100.0
Samsung C&T Corporation	Samsung Development (Thailand) Co., Ltd.	33.0
Samsung C&T Corporation	Samsung C&T Thailand Co., Ltd	44.0
Samsung C&T Corporation	Cheil Holding Inc.	40.0
Samsung C&T Corporation	Samsung Const. Co. Phils.,Inc.	25.0
Samsung C&T Corporation	Samsung Design Philippines Inc	100.0
Samsung C&T Corporation	Samsung Oil & Gas(Timor Sea 06-102) Ltd.	100.0
Samsung C&T Corporation	Samsung Oil & Gas Australia Pty. Ltd	100.0
Samsung C&T Corporation	PT. Insam Batubara Energy	90.0

Investing Company	Invested Company	Ownership
Samsung C&T Corporation	Samsung C&T India Pte., Ltd.	100.0
Samsung C&T Corporation	Samsung C&T Corporation India	100.0
Samsung C&T Corporation	Malaysia Samsung Steel Center Sdn.Bhd	70.0
Samsung C&T Corporation	Samsung C&T Singapore Pte., Ltd.	100.0
Samsung C&T Corporation	S&G Biofuel PTE.LTD	50.5
Samsung C&T Corporation	Samsung C&T Mongolia LLC.	70.0
Samsung C&T Corporation	Samsung C&T Eng.&Const. Mogolia	100.0
Samsung C&T Corporation	Samsung C&T Hongkong Ltd.	100.0
Samsung C&T Corporation	Guangdong Xingpu Steel Center Co.,Ltd	51.6
Samsung C&T Corporation	Samsung C&T Taiwan Co., Ltd.	100.0
Samsung C&T Corporation	Samsung Precision Stainless Steel(pinghu) Co.,Ltd.	55.0
Samsung C&T Corporation	Samsung C&T (Shanghai) Co.,Ltd.	100.0
Samsung C&T Corporation	Posco-Samsung Suzhou Processing Center Co., Ltd	50.0
Samsung C&T Corporation	Samsung Nigeria Co., Ltd.	99.9
Samsung C&T Corporation	LOBINAVE - Estaleiro Naval do Lobito, Limitada	40.0
Samsung C&T Corporation	Samsung C&T Corporation Saudi Arabia	100.0
Samsung C&T Corporation	Samsung C&T Chile Copper SpA	100.0
Samsung C&T Corporation	Samsung C&T do BRASIL CONSTRUCTORA LTDA.	100.0
Samsung C&T Corporation	Samsung C&T Corporation Rus LLC	100.0
Samsung C&T Corporation	KSI LLP	25.0
Samsung C&T Corporation	JSC Balkhash Thermal Power PLA	75.0
Samsung C&T Corporation	Samsung SDI America, Inc.	8.3
Samsung C&T Corporation	Samsung SDI (Malaysia) SDN. BHD.	6.4
Samsung C&T Corporation	Samsung SDI (Hong Kong) Ltd.	2.4
Samsung C&T Corporation	Samsung SDI Brasil Ltda.	0.0
Samsung C&T Corporation	Beijing Samsung Real Estate Co., Ltd	10.0
Samsung C&T America Inc.	Meadowland Distribution	100.0
Samsung C&T America Inc.	Samsung Oil & Gas USA Corp	10.0
Samsung C&T America Inc.	Samsung Green repower, LLC	100.0
Samsung C&T America Inc.	Samsung Solar Construction Inc.	100.0
Samsung C&T America Inc.	QSSC, S.A. de C.V.	20.0
Samsung C&T America Inc.	Samsung C&T Automation Inc.	30.0
Samsung C&T America Inc.	S-print Inc	24.0
Samsung E&C America, INC	Samsung E&C RADIUS, INC.	100.0
Samsung Renewable Energy Inc.	SP Amow Wind Ontario LP Inc	50.0
Samsung Renewable Energy Inc.	SRE GRW EPC GP Inc.	100.0
Samsung Renewable Energy Inc.	SRE GRW EPC LP	100.0
Samsung Renewable Energy Inc.	SRE SKW EPC GP Inc.	100.0
Samsung Renewable Energy Inc.	SRE SKW EPC LP	100.0
Samsung Renewable Energy Inc.	SRE GRW LP Holdings LP	100.0
Samsung Renewable Energy Inc.	SRE SKW LP Holdings LP	100.0
Samsung Renewable Energy Inc.	SRE WIND PA GP INC.	100.0
Samsung Renewable Energy Inc.	SRE WIND PA LP	100.0
Samsung Renewable Energy Inc.	SRE GRS Holdings GP Inc.	100.0
Samsung Renewable Energy Inc.	SRE GRS Holdings LP	100.0
Samsung Renewable Energy Inc.	SRE K2 EPC GP Inc.	100.0
Samsung Renewable Energy Inc.	SRE K2 EPC LP	100.0

Investing Company	Invested Company	Ownership
Samsung Renewable Energy Inc.	SRE K2 LP Holdings LP	100.0
Samsung Renewable Energy Inc.	SRE KS Holdings GP Inc.	100.0
Samsung Renewable Energy Inc.	SRE KS Holdings LP	100.0
Samsung Renewable Energy Inc.	Southgate Solar GP INC.	100.0
Samsung Renewable Energy Inc.	Southgate Solar LP	100.0
Samsung Renewable Energy Inc.	Windsor Solar GP INC.	100.0
Samsung Renewable Energy Inc.	Windsor Solar LP	100.0
Samsung Renewable Energy Inc.	SRE Belle River LP Holdings LP	100.0
Samsung Renewable Energy Inc.	SRE Wind GP Holding Inc.	100.0
Samsung Renewable Energy Inc.	SP Ontario Wind Development LP	50.0
Samsung Renewable Energy Inc.	SP Southgate Wind LP	50.0
Samsung Green repower, LLC	Solar Projects Solutions,LLC	66.0
Kingston Solar GP Inc.	Kingston Solar LP Inc.	0.0
K2 Wind Ontario Inc.	K2 Wind Ontario LP Inc	0.0
SP Armow Wind Ontario GP Inc	SP Armow Wind Ontario LP Inc	0.0
Samsung C&T Oil & Gas Parallel	PLL Holdings LLC	83.6
Samsung C&T Oil & Gas Parallel	PLL E&P LLC	90.0
SRE GRW EPC GP Inc.	SRE GRW EPC LP	0.0
SRE SKW EPC GP Inc.	SRE SKW EPC LP	0.0
PLL Holdings LLC	Parallel Petroleum LLC	61.0
SRE GRW LP Holdings LP	Grand Renewable Wind LP Inc.	44.5
SRE SKW LP Holdings LP	South Kent Wind LP Inc.	50.0
SRE WIND PA GP INC.	SRE WIND PA LP	0.0
SRE GRS Holdings GP Inc.	Grand Renewable Solar GP Inc.	50.0
SRE GRS Holdings GP Inc.	SRE GRS Holdings LP	0.0
SRE K2 EPC GP Inc.	SRE K2 EPC LP	0.0
SRE K2 LP HOLDINGS LP	K2 Wind Ontario LP	33.3
SRE KS HOLDINGS GP INC.	Kingston Solar GP Inc.	50.0
SRE KS HOLDINGS GP INC.	SRE KS Holdings LP	0.0
SRE KS HOLDINGS LP	Kingston Solar LP Inc.	50.0
SOUTHGATE SOLAR GP INC.	Southgate Solar LP	0.0
WINDSOR SOLAR GP INC.	Windsor Solar LP	0.0
SRE Belle River LP Holdings LP	SP Belle River Wind LP	50.0
SP Belle River Wind GP Inc	SP Belle River Wind LP	0.0
SRE Wind GP Holding Inc.	K2 Wind Ontario Inc.	50.0
SRE Wind GP Holding Inc.	SP Armow Wind Ontario GP Inc	50.0
SRE Wind GP Holding Inc.	SP Southgate Wind GP	50.0
SRE Wind GP Holding Inc.	SRE GRW LP Holdings LP	0.0
SRE Wind GP Holding Inc.	SRE SKW LP Holdings LP	0.0
SRE Wind GP Holding Inc.	SRE K2 LP Holdings LP	0.0
SRE Wind GP Holding Inc.	SRE Belle River LP Holdings LP	0.0
SRE Wind GP Holding Inc.	SP Belle River Wind GP Inc	50.0
SRE Wind GP Holding Inc.	SP Ontario Wind Development GP	50.0
SRE Wind GP Holding Inc.	South Kent Wind GP Inc.	50.0
SRE Wind GP Holding Inc.	Grand Renewable Wind GP Inc.	50.0
SP Ontario Wind Development GP	SP Ontario Wind Development LP	0.0
South Kent Wind GP Inc.	South Kent Wind LP Inc.	0.0

Investing Company	Invested Company	Ownership
Grand Renewable Wind GP Inc.	Grand Renewable Wind LP Inc.	0.0
Samsung C&T Deutchland GmbH	Samsung C&T Italia S.A.R.L	100.0
Samsung C&T Deutchland GmbH	SCNT Investment Atlantic SPRL	0.0
Samsung C&T Deutchland GmbH	POSS-SLPC, s.r.o	20.0
Samsung C&T Deutchland GmbH	Solluce Romania 1 B.V.	20.0
Samsung C&T Deutchland GmbH	Solluce Slovenia 1 B.V.	20.0
Samsung C&T Deutchland GmbH	S.C. Otelinox S.A	94.3
Samsung C&T Deutchland GmbH	KSI LLP	25.0
Samsung C&T U.K. Ltd.	Xiod Distribution	75.0
Samsung C&T U.K. Ltd.	Samsung Nigeria Co., Ltd.	0.1
Samsung C&T France S.A.S	Comptoir Des Produits Inoxydables S.A.S.	12.5
Solluce Romania 1 B.V.	LJG Green Source Energy Alpha	78.0
SAM investment Manzanilo.B.V	Terminal KMS de GNL S. de R.L de C.V	37.5
Solluce Slovenia 1 B.V.	ZE Solar 1 D.O.O.	70.0
Samsung C&T (KL) Sdn.,Bhd.	SS KUKDONG JASATERA J/V	70.0
Cassava Investment Korea Pte.	PT. Cahaya Borneo Sukses Agros	49.0
Cassava Investment Korea Pte.	PT. Cassava Borneo Sukses Plan	49.0
Samsung C&T Thailand Co., Ltd.	Samsung Development (Thailand) Co., Ltd.	67.0
Cheil Holding Inc.	Samsung Const. Co. Phils.,Inc.	75.0
Samsung C&T Singapore Pte. Ltd.	Samsung Chemtech	48.3
Samsung C&T Singapore Pte. Ltd.	S-print Inc	16.0
Samsung C&T Singapore Pte. Ltd.	Cassava Investment Korea Pte. Ltd.	12.7
Samsung C&T Singapore Pte. Ltd.	PT. Insam Batubara Energy	10.0
Samsung C&T Singapore Pte. Ltd.	Malaysia Samsung Steel Center Sdn.Bhd	30.0
Samsung C&T Singapore Pte. Ltd.	S&G Biofuel PTE.LTD	12.6
S&G Biofuel PTE.LTD	PT. Gandaerah Hendana	95.0
S&G Biofuel PTE.LTD	PT. Inecda	95.0
SAMSUNG C&T HONGKONG Ltd.	Samsung C&T Thailand Co., Ltd	13.2
SAMSUNG C&T HONGKONG Ltd.	Samsung (Tianjin) International Trading Co., Ltd	100.0
SAMSUNG C&T HONGKONG Ltd.	Samsung Trading (Shanghai)Co., Ltd	100.0
SAMSUNG C&T HONGKONG Ltd.	Karson Industrial Co., Ltd.	100.0
SAMSUNG C&T HONGKONG Ltd.	Samsung Trading (Shenzhen) Co., Ltd	100.0
SAMSUNG C&T HONGKONG Ltd.	Samsung Precision Stainless Steel(pinghu) Co.,Ltd.	45.0
SAMSUNG C&T HONGKONG Ltd.	Samsung (China) Logistics Ltd.	100.0
SAMSUNG C&T HONGKONG Ltd.	Samsung Corporation (Gaungzhou) Limited.	100.0
SAMSUNG C&T HONGKONG Ltd.	Posco-Samsung Suzhou Processing Center Co., Ltd	20.0
Samsung (China) Logistics Ltd.	Samsung Logistics (Tianjin) Ltd	100.0
Samsung (China) Logistics Ltd.	Samsung Trading (Shenzhen) Co., Ltd	100.0
Samsung C&T Chile Copper SpA	Pampa Camarones S.A.	46.5
S.C. Otelinox S.A	Comptoir Des Produits Inoxydables S.A.S.	87.5
Samsung Electronics	Samsung Japan Corporation	100.0
Samsung Electronics	Samsung R&D Institute Japan Co. Ltd	100.0
Samsung Electronics	Samsung Electronics America Inc.	100.0
Samsung Electronics	Samsung Electronics Canada Inc.	100.0
Samsung Electronics	Samsung Electronics Mexico S.A. De C.V.	63.6
Samsung Electronics	Nvelo.Inc	100.0
Samsung Electronics	Samsung Electronics (UK) Ltd.	100.0

Investing Company	Invested Company	Ownership
Samsung Electronics	Samsung Electronics(London) Ltd.	100.0
Samsung Electronics	Samsung Electronics Holding GmbH	100.0
Samsung Electronics	Samsung Electronics Iberia, S.A.	100.0
Samsung Electronics	Samsung Electronics France S.A.S	100.0
Samsung Electronics	Samsung Electronics Hungarian RT.	100.0
Samsung Electronics	Samsung Electronics Italia S.P.A.	100.0
Samsung Electronics	Samsung Electronics Europe Logistics B.V.	100.0
Samsung Electronics	Samsung Electronics Benelux B.V.	100.0
Samsung Electronics	Samsung Electronics Overseas B.V.	100.0
Samsung Electronics	Samsung Electronics Polska, SP.Zo.o	100.0
Samsung Electronics	Samsung Electronics Portuguesa S.A.	100.0
Samsung Electronics	Samsung Electronics Nordic Aktiebolag	100.0
Samsung Electronics	Samsung Electronics Austria GmbH	100.0
Samsung Electronics	Samsung Electronics Slovakia s.r.o	55.7
Samsung Electronics	Samsung Electronics Europe Holding Cooperatief U.A.	100.0
Samsung Electronics	Samsung Electronics Display (M) Sdn Bhd	75.0
Samsung Electronics	Samsung Electronics (M) Sdn. Bhd.	100.0
Samsung Electronics	Samsung Vina Electronics	100.0
Samsung Electronics	Samsung Asia Private Ltd.	100.0
Samsung Electronics	Samsung India Electronics Private Ltd.	100.0
Samsung Electronics	Samsung R&D Institute India-Bangalore Private Limited	100.0
Samsung Electronics	Samsung Electronics Australia Pty. Ltd.	100.0
Samsung Electronics	PT Samsung Electronics Indonesia	100.0
Samsung Electronics	Thai Samsung Electronics	91.8
Samsung Electronics	Samsung Malaysia Electronics (SME) Sdn. Bhd.	100.0
Samsung Electronics	Samsung Electronics Hong Kong Co., Ltd.	100.0
Samsung Electronics	Suzhou Samsung Electronics Co., Ltd.	69.1
Samsung Electronics	Samsung (CHINA) Investment Co.,Ltd.	100.0
Samsung Electronics	Samsung Electronics Suzhou Semiconductor Co., Ltd.	100.0
Samsung Electronics	Samsung Electronics (Shandong) Digital Printing Co., Ltd.	87.1
Samsung Electronics	Samsung Electronics Huizhou Co., Ltd.	89.6
Samsung Electronics	Tianjin Samsung Electronics Co., Ltd.	48.2
Samsung Electronics	Samsung Electronics Taiwan Co., Ltd.	100.0
Samsung Electronics	Tianjin Samsung Telecom Technology Co., Ltd.	90.0
Samsung Electronics	Shanghai Samsung Semiconductor Co., Ltd.	100.0
Samsung Electronics	Samsung Electronics Suzhou Computer Co., Ltd.	73.7
Samsung Electronics	Shenzhen Samsung Electronics Telecommunication Co., Ltd.	95.0
Samsung Electronics	Samsung Electronics Shanghai Telecommunication Co., Ltd.	100.0
Samsung Electronics	Samsung Semiconductor (China) R&D Co., Ltd.	100.0
Samsung Electronics	Samsung (China) Semiconductor Co., Ltd.	100.0
Samsung Electronics	Samsung Electronics Hainan Fiberoptics Co., Ltd	100.0
Samsung Electronics	Samsung Gulf Electronics Co., Ltd.	100.0
Samsung Electronics	Samsung Electronics Egypt S.A.E	0.1
Samsung Electronics	Samsung Electronics South Africa(Pty) Ltd.	100.0
Samsung Electronics	Samsung Electronics Latinoamerica (Zona Libre)	100.0
Samsung Electronics	Samsung Electronica da Amazonia Ltda.	87.0
Samsung Electronics	Samsung Electronics Argentina S.A.	98.0

Investing Company	Invested Company	Ownership
Samsung Electronics	Samsung Electronics Chile Limitada	4.1
Samsung Electronics	Samsung Electronics Rus Company LLC	100.0
Samsung Electronics	Samsung Electronics Rus Kaluga LLC	100.0
Samsung Electronics	Samsung Russia Service Centre LLC	100.0
Samsung Electronics	Samsung SDI Brasil Ltda.	0.1
Samsung Electronics	Tianjin Samsung LED Co., Ltd.	100.0
Samsung Electronics	Tianjin Samsung Opto-Electronics Co., Ltd.	82.0
Samsung BioEpis	Samsung Bioepis UK Limited	100.0
Samsung Display	Intellectual Keystone Technology LLC.	41.9
Samsung Display	Samsung Display Slovakia s.r.o.	100.0
Samsung Display	Samsung Display Suzhou Co., Ltd.	100.0
Samsung Display	Samsung Suzhou LCD Co., Ltd.	60.0
Samsung Display	Samsung Display Dongguan Co., Ltd.	100.0
Samsung Display	Samsung Display Tianjin Co., Ltd.	95.0
Samsung Display	Novald GmbH	9.9
SEMES	SEMES America, Inc.	100.0
SEMES	SEMES (XIAN) Co., Ltd.	100.0
Samsung Medison	SonoAce Deutschland GmbH	100.0
Samsung Medison	Samsung Medison Europe B.V.	100.0
Samsung Medison	Samsung Medison India Private Ltd.	100.0
Samsung Medison	Samsung Medison Shanghai Medical Instrument Co., Ltd.	100.0
Samsung Electronics America, Inc.	NexusDX, Inc.	100.0
Samsung Electronics America, Inc.	NeuroLogica Corp.	100.0
Samsung Electronics America, Inc.	Samsung Receivables Corporation	36.4
Samsung Electronics America, Inc.	Samsung Semiconductor, Inc.	100.0
Samsung Electronics America, Inc.	Samsung Information Systems America, Inc.	100.0
Samsung Electronics America, Inc.	Samsung International, Inc.	100.0
Samsung Electronics America, Inc.	Samsung Telecommunications America LLC.	100.0
NexusDX, Inc.	Nanogen Recognomics GmbH	60.0
Samsung Semiconductor, Inc.	Grandis, Inc.	100.0
Samsung Semiconductor, Inc.	Samsung Austin Semiconductor LLC.	100.0
Samsung International, Inc.	Samsung Mexicana S.A. de C.V.	100.0
Samsung Telecommunications America LLC.	Samsung Receivables Corporation	63.6
Samsung Electronics Mexico S.A. De C.V.	Samsung Electronics Digital Appliance Mexico, SA de CV	100.0
Samsung Electronics (UK) Ltd.	Samsung Semiconductor Europe Limited	100.0
Samsung Electronics Holding GmbH	Samsung Semiconductor Europe GmbH	100.0
Samsung Electronics Holding GmbH	Samsung Electronics GmbH	100.0
Samsung Electronics Hungarian RT.	Samsung Electronics Czech and Slovak s.r.o.	30.0
Samsung Electronics Hungarian RT.	Samsung Electronics Slovakia s.r.o.	44.3
Samsung Electronics Benelux B.V.	Samsung Electronics Mexico S.A. De C.V.	36.4
Samsung Electronics Benelux B.V.	Samsung Electronics Baltics Si	100.0
Samsung Electronics Benelux B.V.	Samsung Electronics West Africa	100.0
Samsung Electronics Benelux B.V.	Samsung Electronics East Africa	100.0
Samsung Electronics Benelux B.V.	Samsung Electronics Egypt S.A.E	99.9
Samsung Electronics Benelux B.V.	Samsung Electronics Israel Ltd.	100.0
Samsung Electronics Benelux B.V.	Samsung Electronics Tunisia S.A.R.L	99.0
Samsung Electronics Benelux B.V.	Samsung Electronics Pakistan(Private) Ltd.	100.0

Investing Company	Invested Company	Ownership
Samsung Electronics Benelux B.V.	Samsung Electronics Turkey	100.0
Samsung Electronics Benelux B.V.	Samsung Semiconductor Israel R&D Center, Ltd.	100.0
Samsung Electronics Benelux B.V.	Samsung Electronics Levant Co., Ltd.	100.0
Samsung Electronics Benelux B.V.	Samsung Electronics Morocco SARLAU	100.0
Samsung Electronics Benelux B.V.	Samsung Electronics Venezuela, C.A.	100.0
Samsung Electronics Benelux B.V.	Samsung Electronica da Amazonia Ltda.	13.0
Samsung Electronics Benelux B.V.	Samsung Electronics Chile Limitada	95.9
Samsung Electronics Benelux B.V.	Samsung Electronics Peru S.A.C.	100.0
Samsung Electronics Benelux B.V.	Samsung Electronics Rus LLC	100.0
Samsung Electronics Benelux B.V.	Samsung Electronics Ukraine LLC	100.0
Samsung Electronics Benelux B.V.	Samsung Electronics Ukraine Company LLC	100.0
Samsung Electronics Benelux B.V.	Samsung R&D Institute Rus LLC	100.0
Samsung Electronics Benelux B.V.	Samsung Electronics Kazakhstan LLP	100.0
Samsung Electronics Benelux B.V.	Samsung Electronics Central Eurasia LLP	100.0
Samsung Electronics Austria GmbH	Samsung Electronics Switzerland GmbH	100.0
Samsung Electronics Europe Holding Cooperatief U.A.	Samsung Electronics Czech and Slovak s.r.o.	70.0
Samsung Electronics Europe Holding Cooperatief U.A.	Samsung Electronics Romania LLC	100.0
Samsung Electronics Europe Holding Cooperatief U.A.	Samsung Electronics Poland Manufacturing SP.Zo.o	100.0
Samsung Electronics Europe Holding Cooperatief U.A.	Samsung Electronics Greece S.A.	100.0
Samsung Electronics Europe Holding Cooperatief U.A.	Samsung Nanoradio Design Center	100.0
Samsung Electronics Europe Holding Cooperatief U.A.	Samsung Denmark Research Center ApS	100.0
Samsung Electronics Europe Holding Cooperatief U.A.	Samsung France Research Center SARL	100.0
Samsung Electronics Europe Holding Cooperatief U.A.	Samsung Cambridge Solution Centre Limited	100.0
Samsung Electronics Europe Holding Cooperatief U.A.	NovaLED GmbH	40.0
Samsung Nanoradio Design Center	Nanoradio Hellas AE	100.0
Samsung Electronics Display (M) Sdn. Bhd.	Tianjin Samsung Electronics Co., Ltd.	2.2
Samsung Asia Private Ltd.	Samsung Electronics Japan Co., Ltd.	100.0
Samsung Asia Private Ltd.	Samsung Electronics Display (M) Sdn. Bhd.	25.0
Samsung Asia Private Ltd.	Samsung Electronics New Zealand Limited	100.0
Samsung Asia Private Ltd.	Samsung Electronics Philippines Corporation	100.0
Samsung Asia Private Ltd.	Samsung R&D Institute Bangladesh	100.0
Samsung Asia Private Ltd.	Samsung Electronics Vietnam Co., Ltd.	100.0
Samsung Asia Private Ltd.	Samsung Telecommunications Malaysia Sbn. Bhd.	100.0
Samsung Asia Private Ltd.	Samsung Electronics Vietnam THANGUYEN Co., Ltd.	100.0
Samsung Asia Private Ltd.	Samsung SDI (Malaysia) SDN. BHD.	25.0
Samsung Asia Private Ltd.	Samsung Electro-Mechanics Thailand Co., Ltd.	25.0
Samsung Asia Private Ltd.	iMarket Asia Co., Ltd.	11.3
PT Samsung Electronics Indonesia	PT Samsung Telecommunications Indonesia	99.0
Samsung Electronics Hong Kong Co., Ltd.	iMarket Asia Co., Ltd.	11.3
Suzhou Samsung Electronics Co., Ltd.	Samsung Suzhou Electronics Export Co., Ltd.	100.0
Samsung (CHINA) Investment Co., Ltd.	Suzhou Samsung Electronics Co., Ltd.	19.2
Samsung (CHINA) Investment Co., Ltd.	Samsung Mobile R&D Center China-Guangzhou	100.0
Samsung (CHINA) Investment Co., Ltd.	Samsung Tianjin Mobile Development Center	100.0
Samsung (CHINA) Investment Co., Ltd.	Samsung Network R&D Center China-Shenzhen	100.0
Samsung (CHINA) Investment Co., Ltd.	Samsung R&D Institute China-Xian	100.0
Samsung (CHINA) Investment Co., Ltd.	Samsung Electronics (Shandong) Digital Printing Co., Ltd.	12.9
Samsung (CHINA) Investment Co., Ltd.	Samsung Electronics Huizhou Co., Ltd.	10.3

Investing Company	Invested Company	Ownership
Samsung (CHINA) Investment Co., Ltd.	Tianjin Samsung Electronics Co., Ltd.	40.8
Samsung (CHINA) Investment Co., Ltd.	Beijing Samsung Telecom R&D Center	100.0
Samsung (CHINA) Investment Co., Ltd.	Samsung Electronics Suzhou Computer Co., Ltd.	26.3
Samsung (CHINA) Investment Co., Ltd.	Samsung Electronics China R&D Center	100.0
Samsung (CHINA) Investment Co., Ltd.	Samsung Electronics (Beijing) Service Company Limited	100.0
Samsung (CHINA) Investment Co., Ltd.	Tianjin Samsung Opto-Electronics Co., Ltd.	8.0
Samsung Gulf Electronics Co., Ltd.	Samsung Electronics Egypt S.A.E	0.1
Samsung Electronics Morocco SARLAU	Samsung Electronics Tunisia S.A.R.L	1.0
Samsung Electronics Latinoamerica (Zona Libre)	Samsung Electronics Latinoamerica Miami, Inc.	100.0
Samsung Electronics Latinoamerica (Zona Libre)	Samsung Electronica Colombia S.A.	100.0
Samsung Electronics Latinoamerica (Zona Libre)	Samsung Electronics Panama. S.A	100.0
Samsung Electronica da Amazonia Ltda.	Samsung Electronics Argentina S.A.	2.0
Samsung SDI	Intellectual Keystone Technology LLC.	17.0
Samsung SDI	Samsung SDI Japan co.Ltd	100.0
Samsung SDI	Samsung SDI America, Inc.	91.7
Samsung SDI	Samsung SDI Hungary Rt.	100.0
Samsung SDI	Samsung SDI Europe GmbH.	100.0
Samsung SDI	Samsung SDI (Malaysia) SDN. BHD.	68.6
Samsung SDI	Samsung SDI Vietnam Co., LTD.	100.0
Samsung SDI	Samsung SDI Energy Malaysia SD	100.0
Samsung SDI	Samsung SDI (Hong Kong) Ltd.	97.6
Samsung SDI	Samsung SDI China Co.,Ltd	100.0
Samsung SDI	Samsung SDI Brasil Ltda.	45.0
Samsung SDI	iMarket Asia Co., Ltd.	8.7
Samsung SDI America, Inc.	Samsung SDI Mexico S.A. de C.V.	100.0
Samsung SDI America, Inc.	Samsung SDI Brasil Ltda.	40.4
Samsung SDI (Hong Kong) Ltd.	Shenzhen Samsung SDI Co., Ltd.	80.0
Samsung SDI (Hong Kong) Ltd.	Tianjin Samsung SDI Co., Ltd.	80.0
Samsung SDI (Hong Kong) Ltd.	Shanghai Samsung Electronic Devices Co., Ltd	60.3
Samsung SDI (Hong Kong) Ltd.	Samsung SDI Brasil Ltda.	14.5
Samsung Electro-Mechanics	Samsung Electro-Mechanics Japan Co., Ltd	100.0
Samsung Electro-Mechanics	Samsung Electro-Mechanics Japan Advanced Technology Co.,Ltd	100.0
Samsung Electro-Mechanics	Samsung Electro-Mechanics America, Inc.	100.0
Samsung Electro-Mechanics	Samsung Electro-Mechanics GmbH	100.0
Samsung Electro-Mechanics	Samsung hungary Electro-Mechanics Private Ltd Liability Company	100.0
Samsung Electro-Mechanics	Samsung Electro-Mechanics(Thailand) Co., Ltd.	75.0
Samsung Electro-Mechanics	Samsung Electro-Mechanics Phils., Corp.	100.0
Samsung Electro-Mechanics	Calamba Premier Realty Corporation.	39.8
Samsung Electro-Mechanics	Samsung Electro-Mechanics Pte., Ltd	100.0
Samsung Electro-Mechanics	Samsung Electro Mechanics Vietnam Co., Ltd	100.0
Samsung Electro-Mechanics	Dongguan Samsung Electro-Mechanics Co., Ltd	100.0
Samsung Electro-Mechanics	Tianjin Samsung Electro-Mechanics Co., Ltd	81.8
Samsung Electro-Mechanics	Samsung Electro-Mechanics(HK) Co., Ltd.	100.0
Samsung Electro-Mechanics	Samsung High-Tech Electro-Mechanics(Tianjin) Co., Ltd	95.0
Samsung Electro-Mechanics	Samsung Electro-Mechanics(Shenzhen) Co., LTD	100.0
Samsung Electro-Mechanics	Kunshan Samsung Electro-Mechanics Co., Ltd	100.0
Samsung Electro-Mechanics	iMarket Asia Co., Ltd.	8.7

Investing Company	Invested Company	Ownership
Samsung Electro-Mechanics Japan Advanced Technology Co.,Ltd	Samsung Electro-Mechanics Nakhonratchasima Co.,Ltd.	100.0
Samsung Electro-Mechanics America, Inc.	Samsung Electro-Mechanics Do Brasil Intermediacoes	100.0
Calamba Premier Realty Corpora	Batino Realty Corporation	100.0
Samsung Fire & Marine Insurance	Samsung Fire & Marine Management Corporation	100.0
Samsung Fire & Marine Insurance	Samsung Fire & Marine Insurance Company of Europe Ltd.	100.0
Samsung Fire & Marine Insurance	P.T. Asuransi Samsung Tugu	70.0
Samsung Fire & Marine Insurance	Samsung Vina Insurance Co., Ltd.	75.0
Samsung Fire & Marine Insurance	Samsung Reinsurance Pte., Ltd.	100.0
Samsung Fire & Marine Insurance	Samsung Property and Casualty Insurance Co(China) Ltd.	100.0
Samsung Fire & Marine Insurance	Samsung Fire & Marine Consultoria Em Seguros Ltda.	100.0
Samsung General Chemicals	Samsung Petrochemical (Shanghai)	100.0
Samsung Total Petrochemicals	Dongguan Samsung Total Engineering Plastic co.,Ltd.	100.0
Samsung Total Petrochemicals	Samsung Total Petrochemicals Trading (Shanghai) Co., Ltd.	100.0
Samsung Heavy Industries Co.,Ltd.	Camellia Consulting Corporation	100.0
Samsung Heavy Industries Co.,Ltd.	Samsung Wind Energy,Inc	100.0
Samsung Heavy Industries Co.,Ltd.	Offshore 1 consulting Corporation	51.0
Samsung Heavy Industries Co.,Ltd.	Samsung Heavy Industries Hamburg GmbH	100.0
Samsung Heavy Industries Co.,Ltd.	Samsung Heavy Industries India Pvt.Ltd.	100.0
Samsung Heavy Industries Co.,Ltd.	Samsung Heavy Industries (M) Sdn.Bhd	100.0
Samsung Heavy Industries Co.,Ltd.	Samsung Heavy Industries(Ningbo) Co., Ltd	100.0
Samsung Heavy Industries Co.,Ltd.	Samsung Heavy Industries(Rongcheng) Co., Ltd	100.0
Samsung Heavy Industries Co.,Ltd.	Rongcheng Gaya Heavy Industries Co., Ltd	100.0
Samsung Heavy Industries Co.,Ltd.	Samsung Heavy Industries Trade(Shanghai) Co.,Ltd	100.0
Samsung Heavy Industries Co.,Ltd.	Samsung Heavy Industries Nigeria Co., Ltd	100.0
Samsung Heavy Industries Co.,Ltd.	Samsung Heavy Industries Brazil	100.0
Samsung Heavy Industries Co.,Ltd.	SHI Brazil Construction	100.0
Camellia Consulting Corporation	Oil & Gas Solution LLC	50.0
Offshore 1 consulting Corporat	AMEC Samsung Oil & Gas, LLC	51.0
Samsung Life Insurance	Samsung Life Investment (America)	100.0
Samsung Life Insurance	Samsung Life Investment (U.K.) Limited.	100.0
Samsung Life Insurance	30 Gresham Street(Jersey) Limited	100.0
Samsung Life Insurance	Thai Samsung Life Insurance Co	35.8
Samsung Life Insurance	Samsung Air China Life Insurance	50.0
Samsung Life Insurance	Beijing Samsung Real Estate Co., Ltd	90.0
Samsung Asset Management	Samsung Investment Management(Singapore)	100.0
Samsung Asset Management	Samsung Investment Management(Hong Kong)	100.0
30 GRESHAM STREET(JERSEY) LIMI	30 GRESHAM STREET (SINGAPORE)	100.0
Cheil Industries Inc.	Intellectual Keystone Technology LLC.	24.0
Cheil Industries Inc.	Samsung Cheil Industries Japan	100.0
Cheil Industries Inc.	Samsung Chemical (USA), INC.	100.0
Cheil Industries Inc.	Starex Compounding America Inc	100.0
Cheil Industries Inc.	Samsung Chemical Europe GmbH	100.0
Cheil Industries Inc.	Samsung Chemical Hungary Limited	100.0
Cheil Industries Inc.	Novaled GmbH	50.1
Cheil Industries Inc.	Samsung Chemical(Thailand) Co.	59.4
Cheil Industries Inc.	Samsung Chemical Material Trading(Shanghai) Co., Ltd.	100.0
Cheil Industries Inc.	Tianjin Samsung Engineering Plastics Co., Ltd.	100.0

Investing Company	Invested Company	Ownership
Cheil Industries Inc.	Dongguan Samsung Engineering Plastics Co., Ltd.	100.0
Cheil Industries Inc.	Samsung Chemical Electronic Materials (SuZhou) Co., Ltd.	100.0
Starex Compounding America Inc.	Starcom Mexico	100.0
Samsung Chemical(Thailand) Co.	Samsung Thai Engineering Co.,	19.0
Samsung Techwin	Techwin Engineering Center Co.	100.0
Samsung Techwin	Samsung Opto-Electronics America	100.0
Samsung Techwin	Samsung Techwin Europe Limited	100.0
Samsung Techwin	Tianjin Samsung Techwin Opto-Electronics	95.0
Samsung Techwin	Shanghai Samsung Techwin	100.0
Samsung Techwin	Samsung Techwin Do Brasil Equipamentos	100.0
Samsung Everland	Samsung Fashion America Inc.	100.0
Samsung Everland	Samsung Fashion S.r.L	100.0
Samsung Everland	Colombo Via Della Spiga S.R.L	100.0
Samsung Everland	Samsung Fashion Trading (Shang	100.0
Samsung Everland	Samsung Everland Inc. Vietnam	100.0
Samsung Everland	iMarket Asia Co., Ltd.	19.3
Samsung Welstory	Shanghai Ever-Hongjun Business	51.0
Credul	Language Testing International	82.4
Opentide Greater China Co., Ltd.	Opentide China Co., Ltd.	100.0
Opentide Greater China Co., Ltd.	OpenTide Taiwan Co., Ltd.	100.0
Opentide Greater China Co., Ltd.	OpenTide Interactive Advertising Co.,Ltd	100.0
Opentide China Co., Ltd.	OpenTide e-Commerce Co., Ltd.	100.0
Opentide China Co., Ltd.	OpenTide Marketing Service Co., Ltd.	100.0
iMarket Asia Co., Ltd.	iMarket China Co., Ltd.	80.0
Samsung Fine Chemicals	Samsung Fine Chemicals Trading (Shanghai) Co., Ltd	100.0
Samsung Securities	Samsung Securities (America), Inc.	100.0
Samsung Securities	Samsung Securities (Europe) Limited.	100.0
Samsung Securities	Samsung Securities (Asia) Limited.	100.0
Samsung SDS	iMarket Asia Co., Ltd.	40.6
Samsung SDS	Samsung SDS America, Inc.	100.0
Samsung SDS	Samsung SDS Europe Ltd.	100.0
Samsung SDS	Samsung SDS Global SCL Netherland Cooperatief U.A	100.0
Samsung SDS	Samsung SDS Asia Pacific Pte. Ltd.	100.0
Samsung SDS	Samsung SDS India Pvt. Ltd.	100.0
Samsung SDS	Samsung SDS China, Ltd.	100.0
Samsung SDS	Samsung SDS Latin America, Ltd.	99.7
Miracom	Miracom Asia Pacific	100.0
Samsung SDS America, Inc.	Samsung SDS Latin America, Ltd	0.3
Samsung SDS America, Inc.	Samsung SDS Mexico, S.A. DE C.	99.0
Samsung SDS Europe Ltd.	Samsung SDS Global SCL Hungary	100.0
Samsung SDS Europe Ltd.	Samsung SDS Global SCL Slovaki	100.0
Samsung SDS Europe Ltd.	Samsung SDS GSCL POLAND	100.0
Samsung SDS Europe Ltd.	Samsung SDS Global SCL Netherland Cooperatief U.A	0.0
Samsung SDS Europe Ltd.	Samsung SDS Global SCL Egypt C	100.0
Samsung SDS Europe Ltd.	Samsung SDS global SCL South A	100.0
Samsung SDS Europe Ltd.	Samsung SDS Global SCL Transpo	100.0
Samsung SDS Europe Ltd.	Samsung SDS Global SCL Rus Lim	100.0

Investing Company	Invested Company	Ownership
Samsung SDS Global SCL Netherland Cooperatief U.A	Samsung SDS GSCL Poland	0.0
Samsung SDS Global SCL Netherland Cooperatief U.A	Samsung SDS Global SCL Rus Lim	0.0
Samsung SDS Asia Pacific Pte.	Samsung SDS GSCL Vietnam Co Ltd	51.0
Samsung SDS Asia Pacific Pte.	PT. Samsung SDS Global SCL Indonesia	100.0
Samsung SDS Asia Pacific Pte.	Samsung SDS Global SCL Philippines Co., Ltd.	100.0
Samsung SDS Asia Pacific Pte.	Samsung SDS Global SCL Thailand Co.,Ltd	100.0
Samsung SDS Asia Pacific Pte.	Samsung SDS Global SCL Malaysia SDN.BHD.	100.0
Samsung SDS Asia Pacific Pte.	Samsung SDS Global SCL Hong Kong Ltd	100.0
Samsung SDS China, Ltd.	Samsung SDS Global Development	100.0
Samsung SDS China, Ltd.	Samsung SDS Global SCL Beijing Co., Ltd	100.0
Miracom Asia Pacific	Miracom China	100.0
Samsung Engineering	Offshore 1 consulting Corporation	49.0
Samsung Engineering	Samsung Engineering America Inc.	100.0
Samsung Engineering	Samsung Engineering Magyarorszag Kft	100.0
Samsung Engineering	Samsung Engineering (Malaysia) SDN. BHD.	100.0
Samsung Engineering	PT Samsung Engineering Indonesia Co., Ltd.	100.0
Samsung Engineering	Samsung Thai Engineering Co., Ltd.	81.0
Samsung Engineering	Samsung Engineering India Private Ltd.	100.0
Samsung Engineering	Samsung Engineering Vietnam Co	100.0
Samsung Engineering	Samsung Engineering Construction(Shanghai) Co., Ltd	100.0
Samsung Engineering	Samsung Saudi Arabia Ltd.	95.0
Samsung Engineering	Muharraq Wastewater Services Company W.L.L.	64.8
Samsung Engineering	Muharraq STP Company B.S.C.	5.1
Samsung Engineering	Muharraq Holding Company 1 Limited	45.0
Samsung Engineering	Samsung INGENIERIA MEXICO S.A DE C.V.	99.7
Samsung Engineering	Samsung Ingenieria Minatitlan, S.A. De C.V.	99.9
Samsung Engineering	Samsung Engineering Trinidad Co., Ltd.	100.0
Samsung Engineering	Samsung Ingenieria Manzanillo, S.A. De C.V.	99.9
Samsung Engineering	Grupo Samsung Ingenieria Mexico, S.A. De C.V.	100.0
Samsung Engineering	Samsung Ingenieria Energia S.A. De C.V.	100.0
Samsung Engineering	Samsung Engineering America Do Sul Projecto E Consultoria Ltda.	100.0
Samsung Engineering	Samsung Engineering Bolivia S.	99.9
Samsung Engineering	Samsung Engineering Kazakhstan LLP	100.0
Samsung Engineering America Inc.	SEA Construction, LLC	100.0
Samsung Engineering (Malaysia)	Muharraq Wastewater Services Company W.L.L.	0.3
Samsung Thai Engineering Co.,	SAMSUNG CHEMICAL(THAILAND) CO.	40.6
Samsung Engineering India Private Ltd.	Samsung Saudi Arabia Ltd.	5.0
Samsung Saudi Arabia Ltd.	Samsung EPC Company limited	75.0
Muharraq Holding Company 1 Limited	Muharraq Holding Company 2 Lim	100.0
Muharraq Holding Company 2 Limited	Muharraq STP Company B.S.C.	88.7
S1 Corporation	SOCM LLC	100.0
S1 Corporation	Samsung Beijing Security Systems	100.0
Cheil Worldwide	Cheil USA Inc.	100.0
Cheil Worldwide	Cheil Central America Inc.	100.0
Cheil Worldwide	Cheil Europe Ltd.	100.0
Cheil Worldwide	Cheil Germany GmbH	100.0
Cheil Worldwide	Cheil France SAS	100.0

Investing Company	Invested Company	Ownership
Cheil Worldwide	Cheil Nordic AB	100.0
Cheil Worldwide	Cheil India Pvt. Ltd.	100.0
Cheil Worldwide	Cheil (Thailand) Ltd.	100.0
Cheil Worldwide	Cheil Singapore Pte. Ltd.	100.0
Cheil Worldwide	Cheil Vietnam Co. Ltd.	90.0
Cheil Worldwide	Cheil Integrated Marketing Philippines, Inc	100.0
Cheil Worldwide	Cheil Malaysia SDN BHD	100.0
Cheil Worldwide	Cheil China	100.0
Cheil Worldwide	Cheil Hong Kong Limited	100.0
Cheil Worldwide	Bravo Asia Limited	100.0
Cheil Worldwide	Bravo Asia-Shanghai	100.0
Cheil Worldwide	Cheil MEA FZ-LLC	100.0
Cheil Worldwide	Cheil South Africa Pty., Ltd.	100.0
Cheil Worldwide	CHEIL KENYA LIMITED	99.0
Cheil Worldwide	Cheil Brazil Communications Ltda.	100.0
Cheil Worldwide	Cheil Mexico Inc. SA de CV	98.0
Cheil Worldwide	Cheil Rus LLC.	100.0
Cheil Worldwide	Cheil Ukraine LLC	100.0
Cheil Worldwide	Cheil Kazakhstan LLC	100.0
Hotel Shilla	Samsung Hospitality America	100.0
Hotel Shilla	New Jersey Int'l M.C.Inc.	100.0
Hotel Shilla	SAMSUNG HOSPITALITY U.K. Limited	100.0
Hotel Shilla	Shilla Travel Retail Pte.Ltd	100.0
Hotel Shilla	Shilla Limited	100.0
Hotel Shilla	Samsung Shilla Business Service Beijing Co., Ltd.	100.0
Hotel Shilla	Shilla Limited	100.0
SVIC #22	RT SV CO-INVEST, LP	99.9
Cheil USA Inc.	The Barbarian Group, LLC	100.0
Cheil USA Inc.	McKinney Ventures LLC.	100.0
Cheil USA Inc.	Cheil India Pvt. Ltd.	0.0
Cheil USA Inc.	Cheil Mexico Inc. SA de CV	2.0
Samsung Hospitality America	Samsung Hospitality EUROPE	100.0
Cheil Europe Ltd.	Beattie McGuinness Bungay Limited	75.0
Cheil Europe Ltd.	Cheil Italia S.r.l	100.0
Cheil Europe Ltd.	Cheil Spain S.L	100.0
Cheil Europe Ltd.	Cheil Benelux B.V.	100.0
Cheil Germany GmbH	Cheil Austria GmbH	100.0
Cheil Singapore Pte. Ltd.	Opentide Greater China Co., Ltd.	95.0
Cheil Hong Kong Limited	Opentide Greater China Co., Ltd.	3.1
Cheil MEA FZ-LLC	One Agency FZ LLC	100.0
Cheil MEA FZ-LLC	One Agency Istanbul Advertisement, Communication & Production LLC	0.0
Cheil South Africa Pty., Ltd.	Cheil Kenya Limited	1.0
One Agency FZ LLC	One Agency Istanbul Advertisement, Communication & Production LLC	100.0
One Agency FZ LLC	One Agency Interior Design LLC	100.0
One Agency FZ LLC	One Agency Printing LLC	100.0

※ (% , As of June 30, 2014, Based on common shares)

C. Related Statute & Regulation

Restrictions on cross-holdings within Samsung Group in accordance with the Monopoly Regulation and Fair Trade Act

(1) Date of announcement by authorities of companies deemed Samsung Group companies for the current year:
April 1, 2014

(2) Summary of Regulation

- Restriction of cross-holdings
- Restriction of debt guarantee between affiliates
- Restriction of voting rights at financial affiliates, including insurance
- Decision by board committee and public disclosure of large-scale related party transactions
- Public disclosure of important matters of unlisted companies
- Other public disclosures related to Group status

D. Equity Investments in other corporations

(1) The total book value of equity investments in other corporations as of June 30, 2014 is KRW 45,897 billion

[As of June 30, 2014]

(Unit: 1000, KRW million, %)

Account	Name of Company	Acquisition Date	Objective	Acquisition Cost	Beginning Balance			Increase/Decrease			Ending Balance			Current Financial Stats		
					Qty	Ownership (%)	Book Value	Acquisition/Disposal		Valuation	Qty	Ownership (%)	Book Value	Total Asset	Net Income (Loss)	
								Qty	Amount							
Domestic (AFS Securities)	Listed	Samsung SDI	1977.01	Management	304	9,283	20.38	874,079	2,178	344,531	0	11,461	25.16	1,218,610	10,555,671	147,916
	Listed	Samsung Electro-Mechanics	1977.01	Management	250	17,693	23.69	445,244	0	0	0	17,693	23.69	445,244	7,185,343	345,692
	Listed	Samsung Card	1988.12	Management	10,000	43,393	37.45	1,455,485	0	0	0	43,393	37.45	1,455,485	16,560,926	273,232
	Listed	Samsung Techwin	1977.12	Management	336	13,527	25.46	235,638	0	0	0	13,527	25.46	235,638	3,434,224	133,039
	Unlisted	STECO	1995.06	Business	24,000	2,448	51.00	32,724	0	0	0	2,448	51.00	32,724	91,556	3,188
	Unlisted	SEMES	1992.12	Business	1,000	2,167	91.30	70,817	6	1,089	0	2,173	91.54	71,906	669,232	38,062
	Unlisted	SERI	1991.05	Management	320	3,576	29.80	24,942	0	0	0	3,576	29.80	24,942	123,875	5,014
	Unlisted	Samsung SDS	1992.07	Management	6,160	17,472	22.58	560,827	0	0	0	17,472	22.58	560,827	5,300,100	325,983
	Unlisted	Samsung Lions	1986.08	Management	240	55	27.50	-102	0	0	0	55	27.50	-102	65,889	-12,166
	Unlisted	Samsung Electronics Service	1998.01	Business	30,000	6,000	99.33	48,121	0	0	0	6,000	99.33	48,121	335,588	4,363
	Unlisted	MEMC Korea	1991.12	Management	36,000	3,440	20.00	35,286	-3,440	-35,286	0	0	0.00	0	266,963	5,418
	Unlisted	Samsung Electronics Sales	2000.12	Business	3,100	1,767	100.00	247,523	0	0	0	1,767	100.00	247,523	564,361	4,425
	Unlisted	Samsung Electronics Logitech	1999.04	Business	76	1,011	100.00	46,669	0	0	0	1,011	100.00	46,669	140,733	3,185
	Unlisted	SSLM	2012.04	Management	52,296	4,378	19.99	0	0	0	0	4,378	19.99	0	191,164	-64,194

Account	Name of Company	Acquisition Date	Objective	Acquisition Cost	Beginning Balance			Increase/Decrease			Ending Balance			Current Financial Stats	
					Qty	Ownership (%)	Book Value	Acquisition/Disposal		Valuation	Qty	Ownership (%)	Book Value	Total Asset	Net Income (Loss)
								Qty	Amount						
Unlisted	Samsung Display	2012.04	Business	16,009,547	221,969	84.78	18,509,307	0	0	0	221,969	84.78	18,509,307	35,754,894	2,400,779
Unlisted	SVIC #6	2005.07	Business	26,800	1	99.00	2,277	0	0	0	1	99.00	2,277	37,284	-10,041
Unlisted	SVIC #14	2009.05	Business	18,000	0	99.00	0	0	0	0	0	99.00	0	55,465	-1,882
Unlisted	SVIC #21	2011.11	Business	19,800	0	99.00	81,180	0	17,182	0	0	99.00	98,362	61,384	-11,804
Unlisted	SVIC #22	2011.11	Business	19,800	0	99.00	102,633	0	26,631	0	0	99.00	129,264	93,554	-4,497
Unlisted	World Cyber Games	2003.12	Business	1	450	47.60	0	-450	0	0	0	0.00	0	2,234	486
Unlisted	Suwon Samsung Bluewings FC	2008.12	Business	2,000	400	100.00	2,000	-400	-2,000	0	0	0.00	0	4,115	-26
Unlisted	Samsung Medison	2011.02	Business	286,384	87,350	68.45	477,648	0	0	0	87,350	68.45	477,648	309,321	28,856
Unlisted	Samsung BioLogics	2011.04	Management	30,000	5,058	42.55	244,665	2,091	84,700	0	7,149	44.49	329,365	653,426	-140,762
Unlisted	Intellectual Discovery	2011.05	Management	5,000	1,784	15.71	5,241	0	0	0	1,784	15.71	5,241	48,125	12,619
Listed	Samsung Heavy Industries	1977.09	Management	125	40,676	17.61	1,547,708	0	0	-447,432	40,676	17.61	1,100,276	17,427,147	632,205
Listed	Samsung Fine Chemicals	1995.05	Management	1,346	2,165	8.39	96,449	0	0	-7,360	2,165	8.39	89,089	1,900,118	3,340
Listed	Hotel Shilla	1979.12	Management	252	2,005	5.11	133,314	0	0	49,917	2,005	5.11	183,231	1,712,071	10,810
Listed	Cheil Worldwide	1988.09	Management	185	2,999	2.61	82,465	0	0	-14,094	2,999	2.61	68,371	1,704,531	102,269
Listed	A-Tech Solution	2009.11	Management	26,348	1,592	15.92	9,568	0	0	-239	1,592	15.92	9,329	181,148	-1,340

Account	Name of Company	Acquisition Date	Objective	Acquisition Cost	Beginning Balance			Increase/Decrease			Ending Balance			Current Financial Stats	
					Qty	Ownership (%)	Book Value	Acquisition/Disposal		Valuation	Qty	Ownership (%)	Book Value	Total Asset	Net Income (Loss)
								Qty	Amount						
Listed	iMarket Korea	2000.12	Management	1,900	647	1.80	16,668	0	0	7,315	647	1.80	23,983	791,733	38,557
Listed	KT Skylife	2001.12	Management	3,344	240	0.50	7,092	0	0	-900	240	0.50	6,192	684,444	72,724
Listed	Cheil Industries	2014.06	Management	312,380	0	0.00	0	4,523	312,380	5,115	4,523	8.62	317,495	8,553,889	45,192
Unlisted	Samsung Petrochemical	1978.01	Management	100	514	12.96	80,347	-514	-80,347	0	0	0.00	0	883,798	-42,180
Unlisted	Samsung General Chemicals	1988.07	Management	1,500	1,914	3.91	80,653	1,103	48,257	0	3,017	5.29	128,910	1,597,400	205,314
Unlisted	Kihyup Technology Banking	1995.01	Management	5,000	1,000	17.24	5,000	0	0	0	1,000	17.24	5,000	85,615	691
Unlisted	Pusan Newport	1997.09	Management	590	1,135	0.98	5,677	0	0	0	1,135	0.98	5,677	682,137	35,726
Unlisted	The Korea Economic Daily	1987.05	Management	150	72	0.39	365	0	0	0	72	0.39	365	221,876	12,938
Unlisted	Brooks Automation Asia	1999.06	Management	1,097	219	19.00	368	0	0	0	219	19.00	368	4,279	294
Unlisted	Samsung Venture Investment	1999.11	Management	4,900	980	16.33	7,021	0	0	0	980	16.33	7,021	64,049	2,575
Unlisted	Cyber Bank	2000.12	Management	8,000	1,083	7.46	0	0	0	0	1,083	7.46	0	0	0
Unlisted	FineChips	2001.12	Management	10	2	3.81	10	0	0	0	2	3.81	10	3,231	361
Unlisted	SK Telink	2010.11	Management	4,357	15	1.13	4,357	0	0	0	15	1.13	4,357	253,332	16,093
Unlisted	Inkel	2006.11	Management	130	0	0.00	0	0	0	0	0	0.00	0	153,629	974
Unlisted	Yongpyong Resort	2007.05	Management	1,869	400	1.05	1,869	0	0	0	400	1.05	1,869	734,627	12,019

Account	Name of Company	Acquisition Date	Objective	Acquisition Cost	Beginning Balance			Increase/Decrease			Ending Balance			Current Financial Stats	
					Qty	Ownership (%)	Book Value	Acquisition/Disposal		Valuation	Qty	Ownership (%)	Book Value	Total Asset	Net Income (Loss)
								Qty	Amount						
Unlisted	E-SCOM	2007.12	Management	0	0	0.01	0	0	0	0	0	0.01	0	14,329	-7,482
Unlisted	TGSambo	2012.09	Management	0	0	0.01	0	0	0	0	0	0.01	0	37,940	1,467
Unlisted	Icube #1	2009.12	Management	4,000	0	16.23	4,000	0	0	0	0	16.23	4,000	24,399	97
Unlisted	KT Wibro	2010.07	Management	60,000	600	24.20	60,000	0	0	0	600	24.20	60,000	262,713	3,169
Unlisted	Shinsung Eng & Construction	2010.07	Management	1	1	0.01	0	0	0	0	1	0.01	0	61,878	3,281
Unlisted	Woobang	2010.07	Management	0	1	0	0	0	0	0	1	0	0	171,444	1,109
Unlisted	Heehoon Design & Global	2010.07	Management	0	2	0.02	0	0	0	0	2	0.02	0	42,516	-8,168
Unlisted	Daewoo Development	2012.12	Management	0	0	0.02	0	0	0	0	0	0.02	0	153,402	-51,563
Unlisted	Daewoo Songdo Development	2012.12	Management	0	9	0.02	0	0	0	0	9	0.02	0	1,217,768	-267,694
Unlisted	Daewoo Motor Sales	2012.12	Management	0	1	0	0	0	0	0	1	0	0	318,071	-369
Unlisted	Woojung Construction	2014.04	Withdrawal	0	0	0	0	5	0	0	5	0.35	0	23,920	-6,902
Unlisted	Hyunjin	2014.04	Withdrawal	0	0	0	0	23	0	0	23	0.25	0	47,994	1,579
Unlisted	Sungwon Construction	2014.04	Withdrawal	0	0	0	0	1	0	0	1	0.03	0	35,318	-18,343
Unlisted	Inhee	2014.04	Withdrawal	0	0	0	0	2	0	0	2	0.17	0	15,780	-942
Unlisted	Samsung Solution	2014.04	Withdrawal	0	0	0	0	4	0	0	4	6.70	0	11,713	173
Unlisted	STX Construction	2014.04	Withdrawal	0	0	0	0	1	0	0	1	0.02	0	247,859	-443,500
Unlisted	Poonglim	2014.05	Withdrawal	0	0	0	0	52	0	0	52	0.37	0	512,015	72,350

Account	Name of Company	Acquisition Date	Objective	Acquisition Cost	Beginning Balance			Increase/Decrease			Ending Balance			Current Financial Stats	
					Qty	Ownership (%)	Book Value	Acquisition/Disposal		Valuation	Qty	Ownership (%)	Book Value	Total Asset	Net Income (Loss)
								Qty	Amount						
Unlisted	JNT	2011.02	Investment	1,800	0	24.00	3,360	0	0	0	0	24.00	3,360	13,647	-310
Unlisted	SV	2011.02	Investment	1,850	0	14.80	3,403	0	0	0	0	14.85	3,403	19,873	-1,730
Unlisted	Seoul Investment Partners	2011.10	Investment	1,550	0	19.40	3,047	0	-175	0	0	19.38	2,872	15,778	1,257
Unlisted	Daishin Aju IB	2011.08	Investment	258	0	3.00	2,277	0	-154	0	0	3.00	2,123	68,934	2,235
Unlisted	TS	2011.11	Investment	1,700	0	20.48	3,400	0	-718	0	0	20.32	2,682	17,032	745
Unlisted	IMM	2011.11	Investment	760	0	7.60	2,489	0	965	0	0	7.60	3,454	34,792	1,512
Unlisted	L&S	2012.07	Investment	848	0	8.10	1,687	0	164	0	0	7.50	1,851	23,610	1,871
Unlisted	Taewon Electric	2012.04	Management	16,544	9	15.00	17,072	36	0	0	45	15.00	17,072	82,347	5,386
Unlisted	Pantech	2013.06	Business	53,000	53,000	10.03	53,053	0	0	0	53,000	10.03	53,053	714,097	-619,909
Unlisted	KTCNP-GC	2013.12	Business	960	0	3.00	960	0	0	0	0	3.00	960	25,578	-1,591
Listed	Wonik IPS	2013.12	Business	31,625	3,610	4.48	30,975	0	0	10,902	3,610	4.48	41,877	590,142	37,354
Unlisted	Postech Technology Investment	2013.12	Business	600	0	10.00	600	0	0	0	0	10.00	600	118,613	3,514
Unlisted	High Pioneer Private Investment Trust #1	2011.09	Business	29,244	0	100.00	19,470	0	0	0	0	100.00	19,470	19,189	-303

Account	Name of Company	Acquisition Date	Objective	Acquisition Cost	Beginning Balance			Increase/Decrease			Ending Balance			Current Financial Stats		
					Qty	Ownership (%)	Book Value	Acquisition/Disposal		Valuation	Qty	Ownership (%)	Book Value	Total Asset	Net Income (Loss)	
								Qty	Amount							
Over sea (AFS Securities)	Unlisted	SECA	1992.08	Position Security	3,823	0	100.00	90,922	0	0	0	0	100.00	90,922	522,775	48,920
	Unlisted	SEA	1978.07	Position Security	59,362	492	100.00	4,861,334	0	0	0	492	100.00	4,861,334	11,316,048	56,864
	Unlisted	SELA	1989.04	Position Security	319	40	100.00	86,962	0	0	0	40	100.00	86,962	375,274	-26,800
	Unlisted	SEM	1995.07	Position Security	3,032	3,173	63.58	111,697	664	53,941	0	3,837	63.58	165,638	1,554,638	10,689
	Unlisted	SEASA	1996.06	Position Security	4,696	21,854	98.00	6,779	0	0	0	21,854	98.00	6,779	49,454	6,353
	Unlisted	SEDA	1994.01	Position Security	13,224	62,816,336	87.04	577,483	0	0	0	62,816,336	87.04	577,483	3,429,136	914,548
	Unlisted	SECH	2002.12	Position Security	597	0	4.10	597	0	0	0	0	4.10	597	492,709	28,128
	Unlisted	Nvelo, Inc.	2012.12	Position Security	42,892	100	100.00	42,892	0	0	0	100	100.00	42,892	1,519	246
	Unlisted	CMLA LLC	2008.02	Management	654	0	25.00	4,115	0	0	0	0	25.00	4,115	10,084	-728
	Unlisted	SESA	1989.01	Position Security	3,276	8,021	100.00	142,091	0	0	0	8,021	100.00	142,091	783,438	57,386
	Unlisted	SENA	1992.03	Position Security	392	1,000	100.00	69,372	0	0	0	1,000	100.00	69,372	533,252	39,394
	Unlisted	SEH	1991.05	Position Security	1,954	753	100.00	650,157	0	0	0	753	100.00	650,157	1,249,691	103,658
	Unlisted	SEP	1982.09	Position Security	204	1,751	100.00	37,616	0	0	0	1,751	100.00	37,616	132,631	8,139
	Unlisted	SEF	1991.08	Position Security	230	2,700	100.00	234,115	0	0	0	2,700	100.00	234,115	1,157,900	127,155
	Unlisted	SEUK	1995.07	Position Security	33,908	109,546	100.00	433,202	0	0	0	109,546	100.00	433,202	1,393,507	92,969
Unlisted	SEHG	1982.02	Position Security	28,042	0	100.00	354,846	0	0	0	0	100.00	354,846	886,338	122,818	

Account	Name of Company	Acquisition Date	Objective	Acquisition Cost	Beginning Balance			Increase/Decrease			Ending Balance			Current Financial Stats	
					Qty	Ownership (%)	Book Value	Acquisition/Disposal		Valuation	Qty	Ownership (%)	Book Value	Total Asset	Net Income (Loss)
								Qty	Amount						
Unlisted	SEAG	2002.01	Position Security	40	0	100.00	32,162	0	0	0	0	100.00	32,162	323,756	17,845
Unlisted	SEI	1993.05	Position Security	862	677	100.00	143,181	0	0	0	677	100.00	143,181	1,004,423	70,337
Unlisted	SEBN	1995.07	Position Security	236	500,285	100.00	860,716	21,129	30,899	0	521,414	100.00	891,615	1,290,124	25,233
Unlisted	SELS	1991.05	Position Security	18,314	1,306	100.00	24,288	0	0	0	1,306	100.00	24,288	1,903,892	7,613
Unlisted	SEPOL	1996.04	Position Security	5,462	106	100.00	78,267	0	0	0	106	100.00	78,267	557,370	41,945
Unlisted	SSA	1998.12	Position Security	263	2,000	100.00	32,622	0	0	0	2,000	100.00	32,622	787,562	87,809
Unlisted	SESK	2002.06	Position Security	8,976	0	55.68	263,767	0	0	0	0	55.68	263,767	1,764,078	140,825
Unlisted	SEEH	2008.01	Position Security	4,214	0	100.00	1,304,648	0	0	0	0	100.00	1,304,648	5,780,302	-28,769
Unlisted	SEO	1997.01	Position Security	120	0	100.00	-10,043	0	0	0	0	100.00	-10,043	173,644	-352
Unlisted	SRSC	1997.11	Position Security	707	0	100.00	8,211	0	0	0	0	100.00	8,211	41,567	3,546
Unlisted	SERC	2006.01	Position Security	24,877	0	100.00	180,079	0	0	0	0	100.00	180,079	1,410,054	-11,137
Unlisted	SERK	2007.07	Position Security	4,600	0	100.00	204,555	0	0	0	0	100.00	204,555	1,122,495	69,837
Unlisted	SEAU	1987.11	Position Security	392	53,200	100.00	111,964	0	0	0	53,200	100.00	111,964	578,624	31,998
Unlisted	SEMA	1989.09	Position Security	4,378	16,247	100.00	153,602	0	0	0	16,247	100.00	153,602	277,354	33,000
Unlisted	SGE	1995.05	Position Security	827	0	100.00	32,836	0	0	0	0	100.00	32,836	1,071,694	-13,157
Unlisted	SEEG	2012.07	Position Security	23	0	0.05	39	0	0	0	0	0.05	39	251,866	-11,788

Account	Name of Company	Acquisition Date	Objective	Acquisition Cost	Beginning Balance			Increase/Decrease			Ending Balance			Current Financial Stats	
					Qty	Ownership (%)	Book Value	Acquisition/Disposal		Valuation	Qty	Ownership (%)	Book Value	Total Asset	Net Income (Loss)
								Qty	Amount						
Unlisted	SEIN	1991.08	Position Security	7,463	46	99.99	118,909	0	0	0	46	99.99	118,909	647,199	141,290
Unlisted	SDMA	1995.03	Position Security	21,876	71,400	75.00	244,382	0	0	0	71,400	75.00	244,382	814,820	70,830
Unlisted	SIEL	1995.08	Position Security	5,414	216,787	100.00	75,263	0	0	0	216,787	100.00	75,263	1,924,832	324,171
Unlisted	SRI-B	2005.05	Position Security	7,358	17	100.00	31,787	0	0	0	17	100.00	31,787	147,900	20,316
Unlisted	SAVINA	1995.01	Position Security	5,839	0	100.00	28,365	0	0	0	0	100.00	28,365	175,780	18,173
Unlisted	TSE	1988.01	Position Security	1,390	11,020	91.83	279,163	0	0	0	11,020	91.83	279,163	1,476,296	222,389
Unlisted	STE	1996.01	Position Security	4,206	0	49.00	4,474	0	0	0	0	49.00	4,474	23,979	-7
Unlisted	SME	2003.05	Position Security	4,796	17,100	100.00	7,644	0	0	0	17,100	100.00	7,644	814,104	36,427
Unlisted	SAPL	2006.07	Position Security	793	736,269	100.00	870,623	0	0	0	736,269	100.00	870,623	2,425,585	674,510
Unlisted	SEHK	1988.09	Position Security	349	274,250	100.00	79,033	0	0	0	274,250	100.00	79,033	1,188,620	37,977
Unlisted	SET	1994.11	Position Security	456	27,270	100.00	112,949	0	0	0	27,270	100.00	112,949	1,390,404	30,802
Unlisted	SESS	1994.12	Position Security	18,875	0	100.00	483,923	0	20,390	0	0	100.00	504,313	660,374	64,362
Unlisted	SCIC	1996.03	Position Security	23,253	0	100.00	617,941	0	0	0	0	100.00	617,941	8,406,438	743,369
Unlisted	SEHZ	1992.12	Position Security	792	0	89.56	255,535	0	0	0	0	89.56	255,535	4,599,200	1,012,728
Unlisted	SSEC	1995.04	Position Security	32,128	0	69.06	130,551	0	0	0	0	69.06	130,551	645,699	67,668
Unlisted	TSEC	1993.04	Position Security	15,064	0	48.20	138,101	0	0	0	0	48.20	138,101	907,752	155,258

Account	Name of Company	Acquisition Date	Objective	Acquisition Cost	Beginning Balance			Increase/Decrease			Ending Balance			Current Financial Stats	
					Qty	Ownership (%)	Book Value	Acquisition/Disposal		Valuation	Qty	Ownership (%)	Book Value	Total Asset	Net Income (Loss)
								Qty	Amount						
Unlisted	SSDP	1993.08	Position Security	4,446	0	87.10	65,319	0	0	0	0	87.10	65,319	761,018	94,541
Unlisted	TSTC	2001.03	Position Security	10,813	0	90.00	490,041	0	0	0	0	90.00	490,041	2,939,027	767,822
Unlisted	SSTC	2001.11	Position Security	15,799	0	100.00	-1,186	0	0	0	0	100.00	-1,186	1,411	-4,958
Unlisted	SSET	2002.02	Position Security	6,009	0	60.00	121,624	0	0	0	0	95.00	121,624	88,698	7,122
Unlisted	SESC	2002.09	Position Security	5,471	0	73.70	34,028	0	0	0	0	73.70	34,028	846,670	58,194
Unlisted	SSS	2001.01	Position Security	1,200	0	100.00	19,189	0	0	0	0	100.00	19,189	1,310,109	130,082
Unlisted	SEHF	2004.04	Position Security	17,204	0	100.00	85,088	0	0	0	0	100.00	85,088	111,367	-7,855
Unlisted	SSCR	2006.09	Position Security	3,405	0	100.00	9,332	0	0	0	0	100.00	9,332	18,982	1,874
Unlisted	TSOE	2010.04	Position Security	33,837	167,199	82.00	93,154	0	0	0	167,199	82.00	93,154	241,957	34,236
Unlisted	TSLED	2012.04	Position Security	119,519	0	100.00	119,519	0	0	0	0	100.00	119,519	457,896	15,570
Unlisted	SCS	2012.09	Position Security	111,770	0	100.00	2,538,826	0	173,270	0	0	100.00	2,712,096	3,752,682	-40,537
Unlisted	SJC	1975.12	Position Security	273	1,560	100.00	370,647	0	0	0	1,560	100.00	370,647	1,174,832	2,866
Unlisted	SRJ	1992.08	Position Security	3,120	122	100.00	117,257	0	0	0	122	100.00	117,257	181,723	4,905
Unlisted	TSST Japan	2004.03	Management	1,639	0	49.03	11,137	30	39,380	-50,517	30	49.03	0	169,322	-41,875
Unlisted	SDIB	1996.09	Management	3,110	586	0.08	0	0	0	0	586	0.08	0	49,372	10,088
Unlisted	Semiconductor Portal	2002.12	Management	38	0	1.21	10	0	0	0	0	1.21	10	1,724	2,141

Account	Name of Company	Acquisition Date	Objective	Acquisition Cost	Beginning Balance			Increase/Decrease			Ending Balance			Current Financial Stats	
					Qty	Ownership (%)	Book Value	Acquisition/Disposal		Valuation	Qty	Ownership (%)	Book Value	Total Asset	Net Income (Loss)
								Qty	Amount						
Unlisted	FTS	2008.12	Management	1,952	116	41.50	563	0	0	0	116	41.50	563	2,710	406
Unlisted	Nanosys, Inc	2010.08	Management	4,774	1,747	1.67	2,387	0	0	0	1,747	1.67	2,387	22,159	857
Unlisted	ONE BLUE LLC	2011.07	Management	1,766	0	16.67	1,766	0	0	0	0	16.67	1,766	33,803	875
Unlisted	TidalScale	2013.08	Management	1,112	2,882	18.98	1,112	0	0	0	2,882	18.98	1,112	1,214	-1,948
Listed	SSL	2014.05	Business	37,553	0	0.00	0	2,426	37,553	4,103	2,426	5.84	41,656	-	-
Unlisted	Mantis Vision	2014.01	Business	1,594	0	0.00	0	301	1,594	0	301	3.53	1,594	3,236	-4,186
Unlisted	INEDA	2014.04	Business	3,181	0	0.00	0	3,918	3,181	0	3,918	5.55	3,181	9,878	2,955
Listed	Rambus	2010.01	Business	185,363	4,788	4.34	47,851	0	0	21,605	4,788	4.19	69,456	752,829	-36,931
Listed	SEAGATE	2011.12	Business	788,454	12,539	3.80	743,161	0	0	-20,407	12,539	3.80	722,754	9,754,138	2,011,378
Total				18,944,087			45,261,470	33,690	1,079,427	-441,992			45,896,905		

*Based on separate financial statements

*Ownership is calculated based on common shares

V. Information on Shareholders

1. Ownership of shares by the major shareholder and related parties

The following table presents changes in shares held by the major shareholder and related parties as of the beginning and end of the reporting period.

[As of June 30, 2014]

(Unit: Shares, %)

Name	Relationship	Type of share	Number of Shares owned / %				Note
			Beginning of period		End of period		
			# shares owned	%	# shares owned	%	
Kun-Hee Lee	Major shareholder	Common	4,985,464	3.38	4,985,464	3.38	-
Kun-Hee Lee	Major shareholder	Preferred	12,398	0.05	12,398	0.05	-
Samsung C&T	Affiliate	Common	5,976,362	4.06	5,976,362	4.06	-
Samsung Welfare Foundation	Affiliate	Common	89,683	0.06	89,683	0.06	-
Samsung Foundation Of Culture	Affiliate	Common	37,615	0.03	37,615	0.03	-
Ra-Hee Hong	Affiliate	Common	1,083,072	0.74	1,083,072	0.74	-
Jae-Yong Lee	Affiliate	Common	840,403	0.57	840,403	0.57	-
Samsung Life Insurance	Affiliate	Common	10,622,814	7.21	10,622,814	7.21	-
Samsung Life Insurance	Affiliate	Preferred	879	0.00	879	0.00	-
Samsung Life Insurance (special accounts)	Affiliate	Common	514,098	0.35	502,235	0.34	Open market sales
Samsung Life Insurance (special accounts)	Affiliate	Preferred	26,379	0.12	30,895	0.14	Open market sales
Samsung Fire & Marine Insurance	Affiliate	Common	1,856,370	1.26	1,856,370	1.26	-
Samsung Fire & Marine Insurance (special accounts)	Affiliate	Common	143	0.00	143	0.00	-
Samsung Fire & Marine Insurance (special accounts)	Affiliate	Preferred	53	0.00	53	0.00	-
Cheil Industries	Affiliate	Common	9,679	0.01	0	0.00	Open market sales
Oh-Hyun Kwon	Affiliate	Common	3,000	0.00	3,000	0.00	-
Sang-Hoon Lee	Affiliate	Common	1,473	0.00	1,473	0.00	-
Total		Common	26,020,176	17.66	25,998,634	17.65	-
		Preferred	39,709	0.17	44,225	0.19	-

※ Note: According to the closed shareholder register, as at June 30, 2014, Yong-Jin Jeong, CEO of Shinsegye, holds 293,500 shares.

※ The definition of major shareholder is as defined in the Monopoly Regulation and Fair Trade Act

[The major shareholder]

- Name of the major shareholder: Kun-Hee Lee
- Education: Waseda University School of Commerce (1965)
George Washington University MBA (1966)
- Career (recent 5 years): Chairman of Samsung Electronics (2010.3 ~)
Chairman/CEO of Samsung Electronics (1998.4 ~ 2008.4)
Vice Chairman of the Federation of Korean Industries (1987 ~)
Member of the International Olympic Committee (1996 ~)

-There are no changes recorded during the reported period

2. Ownership of shares

As at June 30, 2014, at the date of Suspension of Entry in the Register of Shareholders, shareholders with over 5% voting shares, excluding the major shareholder, are as follows:

[As of June 30, 2014]

(Unit: Shares)

Classification	Name	Number of shares owned	Share ratio	Note
Shareholders with over 5% voting shares	National Pension Service	11,509,043	7.81	-
	Samsung Life Insurance	11,125,049	7.55	-
	Employee Stock Ownership Association	-	-	-

※ The number of shares owned and share ratio of Samsung Life Insurance includes special accounts.

3. Minority Shareholders

[As of June 30, 2014]

(Unit: Person, Shares, %)

Classification	Shareholder		Shares owned		Note
	# of shareholders	Portion	# of shares	Portion	
Minority shareholder	134,000	99.95	80,030,253	54.33	Shareholders with shares less than 1/100 of total issued stocks
Total	134,068	100.00	147,299,337	100.00	

※ On a common stock (with voting right) basis.

4. Stock Affairs

Preemptive Rights in the Articles of Incorporation	<ol style="list-style-type: none">1. New shares to be issued by the Company shall be allocated to the shareholders in proportion to their respective shareholdings in accordance with Paragraph 6, Article 8. If shareholders wave or lose their preemptive right to new shares issues or if there are fractional shares at the time of allocation of new shares, such shares may be handled by a resolution of the Board of Directors.2. Notwithstanding the above Paragraph 1, new shares may be allocated to persons other than shareholders in the following cases:<ol style="list-style-type: none">a. If the Company issues new shares or causes underwriters to underwrite new shares by a resolution of the Board of Directors in accordance with the applicable laws and regulations including the Securities and Exchange Act ("SEA");b. If the Company allocates new shares preferentially to members of the Employee Stock Ownership Association by a resolution of the Board of Directors in accordance with the applicable laws and regulations including SEA;c. If the Company issues new shares for the issuance of depositary receipts (DR) by a resolution of the Board of Directors in accordance with the applicable laws and regulations including SEA;d. If the Company issues new shares by public offering in accordance with Article 11-3;e. If new shares are issued by the exercise of stock options in accordance with Article 11-4;f. If the Company issues new shares to the extent of 30% of the total issued and outstanding shares, to domestic or foreign financial institutions to obtain financing urgently, or to partner companies to induce technology therefrom, etc., by a resolution of the Board of Directors; provided that the issue price of the new shares shall not be less than the price prescribed by Article 84-5 of the Enforcement Decree of SEA. <p>☞ (Note) Paragraph 6, Article 8</p> <p>In the case of rights issues, bonus issues or stock dividends, common shareholders shall be entitled to common shares, and preferred shareholders shall be entitled to preferred shares, in proportion to their respective shareholdings; provided that in the case of rights issue and stock dividend the Company may, if necessary, issue only one kind of shares, where all the shareholders, regardless of the class of their shares, shall be entitled to the kind of shares to be issued.</p> <p>☞ (Note) Article 11-3 (Public Offering)</p> <ol style="list-style-type: none">1. The Company may issue new shares by public offering to the extent that the new shares do not exceed 30% of the total number of issued and outstanding shares by a resolution of the Board of Directors, pursuant to Article 189-3 of the SEA.2. If the Company issues new shares by public offering, the type, number and issue price of the new shares shall be determined by a resolution of the Board of Directors; provided that the issue price of such new shares shall not be less than the price prescribed by Article 84-5 of the Enforcement Decree of the SEA.
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Preemptive Rights in the Articles of Incorporation	<p>☞ (Note) Article 11-4 (Stock Options)</p> <p>1. The Company may grant stock options to its officers and employees (in this Article, "officers and employees" include officers and employees of the related companies as set forth in Article 189-4, Paragraph 1 of the SEA) by a special resolution of the general meeting of shareholders pursuant to Article 189-4 of the SEA, to the extent permitted by the SEA; provided, however, that the Company may grant the stock options to its officers and employees (except for the directors of the Company) by a resolution of the Board of Directors to the extent determined by the relevant laws and regulations.<Amended, Feb.28, 2002></p> <p>2. The persons to whom stock options may be granted are the officers and employees who have contributed or have the capacity to contribute to the establishment, management, overseas business, technical innovation, etc. of the Company; provided, however, that the officers and employees who are not entitled to stock options under the relevant laws and regulations shall be excluded.<Amended, Feb.28, 2002></p> <p>3. The shares to be issued to the officers or employees by the exercise of their stock options (in case the Company pays, either in cash or treasury shares, the difference between the exercise price of stock options and the market price, they refer to the shares which are the basis for such calculation) shall be common shares in registered form or preferred shares in registered form.</p> <p>4. Total number of shares to be delivered in accordance with the exercise of stock options shall be up to the extent permitted by the relevant laws and regulations.</p> <p>5. The stock options may be exercised until an expiry date determined by a resolution of the general meeting of shareholders or the Board of Directors and the expiry date shall be in no more than eight (8) years from when two (2) years have elapsed from the date of the general meeting of shareholders or the Board of Directors' meeting at which a resolution to grant such stock options was; provided, however, that the person to whom a stock option is granted should serve the Company for at least two (2) years after the date of such resolution in order to exercise such stock option, unless otherwise set forth by relevant laws and regulations.<Amended, Feb.28, 2002></p> <p>6. The terms and conditions of stock options, such as the contents and exercise price thereof shall be determined by a special resolution of the general meeting of shareholders or by a resolution of the Board of Directors in accordance with the relevant laws and regulations and the Articles of Incorporation; provided, however, that such matters which are not provided for as matters reserved for resolutions of the general meeting of shareholders or the Board of Directors' meeting under the relevant laws and regulations or the Articles of Incorporation may be determined by the Board of Directors or a committee authorized by the Board of Directors.<Amended, Feb.28, 2002></p> <p>7. The Company may cancel the grant of stock options by a resolution of the Board of Directors in any of the following cases: <Amended, Feb.28, 2002></p> <p>a. In case the option grantees voluntarily retire from their office or leave the Company after the grant of stock options;</p> <p>b. In case the option grantees cause substantial damage to the Company due to their willful misconduct or negligence;</p> <p>c. In case any of the causes for cancellation set forth in the stock option agreement occur</p>			
	Settlement date	December 31	Annual General Meetings of Shareholders	Within 3 months after the end of every business year
	Shareholder register closing period			One month from January 1
	Stock type	1,5,10,50,100,500,1000,10000(8 types)		
	Transfer agent	Korea Securities Depository(T: +82-2-3774-3000): 23, Yeouinaru-ro 4-gil, Yeongdeungpo-gu, Seoul, Korea		
	Shareholder benefit	n/a	Published on	Joongang Daily

5. Stock Price and Stock Transactions

A. Domestic stock market

(Unit: KRW, Shares)

Type		Jan '14	Feb	Mar	Apr	May	Jun	
Common stock	Stock price	Highest	1,328,000	1,349,000	1,343,000	1,407,000	1,460,000	1,470,000
		Lowest	1,272,000	1,237,000	1,247,000	1,339,000	1,335,000	1,301,000
		Average	1,299,150	1,298,300	1,300,000	1,376,455	1,409,211	1,373,895
	Volume	Highest (day)	620,500	325,184	417,557	381,976	385,621	478,053
		Lowest (day)	151,246	116,769	118,788	65,985	74,712	148,789
		Monthly	6,360	4,231	4,425	4,950	4,612	5,222
Preferred stock	Stock price	Highest	989,000	1,063,000	1,069,000	1,094,000	1,165,000	1,151,000
		Lowest	938,000	940,000	972,000	1,037,000	1,031,000	1,033,000
		Average	959,550	980,450	1,030,810	1,072,000	1,102,368	1,075,526
	Volume	Highest (day)	87,543	98,095	70,781	92,408	95,484	96,237
		Lowest (day)	18,087	13,360	14,376	2,708	9,501	18,274
		Monthly	873	965	729	792	767	1,056

※ Monthly trading volume in 1,000 shares

B. Overseas stock market

Name of stock exchange: London Stock Exchange (common stock)

(Unit: \$, KRW, DR)

Type		Jan '14	Feb	Mar	Apr	May	Jun	
Common stock	Stock price	Highest	624.00	630.50	629.00	670.00	715.00	718.50
		(Converted to KRW)	658,507	675,013	672,275	696,465	731,159	735,960
		Lowest	587.00	574.50	576.50	632.00	643.50	640.50
		(Converted to KRW)	633,490	623,964	622,447	670,236	663,899	652,029
		Average	607.34	608.10	606.62	654.98	681.35	677.52
	Volume	Highest (day)	114,204	262,527	136,208	200,931	146,900	118,089
		Lowest (day)	33,681	25,078	26,084	700	24	28,418
		Monthly	1,740	1,502	1,290	1,603	1,275	1,210

※ Monthly volume in 1,000 DR shares.

※ Stock price converted to KRW is based on KRW/USD exchange rate of closing price of trading day.

Ratio: Common one (1) share equals DR two (2) shares

Name of stock exchange: Luxembourg Stock Exchange (Preferred stock)

(Unit: \$, KRW, DR)

Type		Jan '14	Feb	Mar	Apr	May	Jun	
Preferred stock	Stock price	Highest	468.50	489.80	498.50	520.50	569.00	563.50
		(Converted to KRW)	494,408	522,959	529,706	541,997	581,916	577,193
		Lowest	428.50	431.60	453.70	490.60	499.00	507.00
		(Converted to KRW)	462,437	468,761	485,777	520,281	514,818	516,278
		Average	445.92	457.56	481.72	509.34	532.95	530.71
	Volume	Highest (day)	59,901	27,700	27,261	71,163	32,913	41,921
		Lowest (day)	6,651	548	1,030	953	3,058	895
		Monthly	458	150	144	244	296	179

※ Monthly volume in 1,000 DR shares.

※ Stock price converted to KRW is based on KRW/USD exchange rate of closing price of trading day.

Ratio: Common one (1) share equals DR two (2) shares

VI. Executives and Employees

1. Executives and Employees

A. Registered Executives

[As of June 30, 2014]

(Unit: # of shares)

Name	Gender	Date of birth	Position	Registered executive	Full/part-time	Responsibility	Major career	Number of shares owned		In office	Term expiration
								Common	Preferred		
Oh-Hyun Kwon	M	1952.10	CEO	Registered executive	Full time	Chairman of BOD Head of DS division	Head of DS division	3,000	0	28 mo.	2015.03.15
Boo-Keun Yoon	M	1953.02	CEO	Registered executive	Full time	Head of CE division	Head of CE division	0	0	16 mo.	2016.03.14
Jong-Kyun Shin	M	1956.01	CEO	Registered executive	Full time	Head of IM division	Head of IM division	0	0	16 mo.	2016.03.14
Sang-Hoon Lee	M	1955.06	CFO	Registered executive	Full time	CFO, Head of Corporate Management Office	Head of Corporate Management Office	1,473	0	16 mo.	2016.03.14
In-Ho Lee	M	1943.11	Independent Director	Registered executive	Part time	Overall management of the Company	President & CEO of Shinhan Bank	0	0	52 mo.	2016.03.14
Han-Joong Kim	M	1948.11	Independent Director	Registered executive	Part time	Overall management of the Company	President of Yonsei University	0	0	28 mo.	2015.03.15
Kwang-Soo Song	M	1950.01	Independent Director	Registered executive	Part time	Overall management of the Company	Advisor at Kim & Chang Law Office	0	0	16 mo.	2016.03.14
Byeong-Gi Lee	M	1951.05	Independent Director	Registered executive	Part time	Overall management of the Company	Professor of Electrical Engineering at Seoul National University	0	0	28 mo.	2015.03.15
Eun-Mee Kim	F	1958.09	Independent Director	Registered executive	Part time	Overall management of the Company	Dean of Graduate School of International Studies at Ewha Womans University	0	0	16 mo.	2016.03.14

B. Concurrent position with other companies

Concurrent office holder		Company	
Name	Position	Name of company	Position
Kwang-Soo Song	Independent director	Doosan Corp.	Independent director

C. Employees

(As of June 30, 2014)

(Unit: KRW million)

Division	Gender	No. of employees				Average length of service (years)	Total Compensation	Average Compensation per employee
		Regular	Contract-based	Others	Total			
CE	M	12,899	367	-	13,266	11.3	-	-
CE	F	2,554	231	-	2,785	6.0	-	-
IM	M	19,484	331	-	19,815	9.4	-	-
IM	F	7,746	138	-	7,884	6.8	-	-
DS	M	28,662	242	-	28,904	9.6	-	-
DS	F	12,992	208	-	13,200	8.5	-	-
Others	M	9,562	424	-	9,986	11.4	-	-
Others	F	2,077	378	-	2,455	6.7	-	-
Gender Total	M	70,607	1,364	-	71,971	10.1	3,438,178	48
Gender Total	F	25,369	955	-	26,324	7.6	773,099	30
Total		95,976	2,319	-	98,295	9.4	4,211,277	43

※ Total compensation and average compensation per employee were calculated before income tax deduction based on the earned income payment record submitted to the district tax office in accordance with Article 20 of the Income Tax Law

※ The number of employees represent domestic employees, excluding four executive directors.

※ Average compensation per employee was calculated based on total average employee figure of 97,886 (male: 71,756; female: 26,130)

2. Remuneration for Executives

A. Summary

(1) Remuneration approved at the annual general meetings of shareholders

(Unit: KRW million)

	Number of Persons	Amount Approved at Shareholders' Meeting	Note
Executive Directors	4	-	-
Independent Directors	2	-	-
Audit Committee member or Auditor	3	-	-
Total	9	48,000	-

※ Number of persons as of the reporting date.

※ The amount approved at shareholders' meeting is the remuneration limit for executive directors according to the Article 388 of the Korean Commercial Act. It includes compensation for directors who retired this fiscal year or in the past years.

(2) Remuneration Paid

(Unit: KRW million)

	Number of Persons	Total amount of remuneration	Average remuneration per Director	Note
Executive Directors	4	21,543	5,386	-
Independent Directors	2	86	43	-
Audit Committee member or Auditor	3	140	47	-
Total	9	21,769	-	-

※ Number of persons is as of the reporting date.

※ The total amount is the income based on Income Tax Law that incumbent or retired executive directors, independent directors, and members of audit committee in the fiscal year received as executives according to the Article 159 of the Financial Investment Services and Capital Markets Act and the Article 168 of the enforcement decree of the same law.

※ Average remuneration per Director was calculated by dividing total remuneration by annual average number of persons.

※ There is no recognized expenses (compensation expenses) in this term from granting stock option.

3. Remuneration for individual executives

(1) Summary

(Unit: KRW million)

Name	position	Total amount of remuneration	Remuneration not included in total amount
Oh-Hyun Kwon	CEO	5,374	-
Boo-Keun Yoon	CEO	2,886	-
Jong-Kyun Shin	CEO	11,345	-
Sang-Hoon Lee	CFO	1,938	-

※ Total amount of compensation for each individual is a sum of earned, retirement, and other related incomes based on the Income Tax Law that incumbent or retired executive directors, independent directors, and members of audit committee in the fiscal year received as executives according to the Article 159 of the Financial Investment Services and Capital Markets Act and the Article 168 of the enforcement decree of the same law.

(2) Criteria and methodology

	Criteria and methodology
CEO Oh-Hyun Kwon	<ul style="list-style-type: none"> • Total compensation of KRW 5,374 million <ul style="list-style-type: none"> – Earned Income <ul style="list-style-type: none"> • Salary: KRW 1,042 million (consists of monthly wage) • Bonus: KRW 3,598 million (consists of New Year's bonus, long-term incentive) • Profit from exercising stock option : n/a • Other earned income: KRW 734 million – Retirement Income: n/a – Other Income: n/a • Compensation criteria and calculation method <ul style="list-style-type: none"> – Salary: According to internal regulation for executive compensation (Board resolution) – Bonus: According to internal regulation for executive compensation (Board resolution) <ul style="list-style-type: none"> • New Year's bonus: 100% of monthly wage • Long-term incentive: According to executive long-term incentive rules (Board resolution) – Other earned income: According to executive treatment rules (Board resolution) <ul style="list-style-type: none"> • Consists of a special bonus (one-off) and fringe benefit
CEO Boo-Keun Yoon	<ul style="list-style-type: none"> • Total compensation of KRW 2,886 million <ul style="list-style-type: none"> – Earned Income <ul style="list-style-type: none"> • Salary: KRW 864 million (consists of monthly wage) • Bonus: KRW 1,392 million (consists of New Year's bonus, long-term incentive) • Profit from exercising stock option : n/a • Other earned income: KRW 630 million – Retirement Income: n/a – Other Income: n/a • Compensation criteria and calculation method <ul style="list-style-type: none"> – Salary: According to internal regulation for executive compensation (Board resolution) – Bonus: According to internal regulation for executive compensation (Board resolution) <ul style="list-style-type: none"> • New Year's bonus: 100% of monthly wage • Long-term incentive: According to executive long-term incentive rules (Board resolution) – Other earned income: According to executive treatment rules (Board resolution) <ul style="list-style-type: none"> • Consists of a special bonus (one-off) and fringe benefit

	Criteria and methodology
<p style="text-align: center;">CEO Jong-Kyun Shin</p>	<ul style="list-style-type: none"> • Total compensation of KRW 11,345 million <ul style="list-style-type: none"> – Earned Income <ul style="list-style-type: none"> • Salary: KRW 864 million (consists of monthly wage) • Bonus: KRW 1,392 million (consists of New Year's bonus, long-term incentive) • Profit from exercising stock option : n/a • Other earned income: KRW 9,089 million – Retirement Income: n/a – Other Income: n/a • Compensation criteria and calculation method <ul style="list-style-type: none"> – Salary: According to internal regulation for executive compensation (Board resolution) – Bonus: According to internal regulation for executive compensation (Board resolution) <ul style="list-style-type: none"> • New Year's bonus: 100% of monthly wage • Long-term incentive: According to executive long-term incentive rules (Board resolution) – Other earned income: According to executive treatment rules (Board resolution) <ul style="list-style-type: none"> • Consists of a special bonus (one-off) and fringe benefit
<p style="text-align: center;">CFO Sang-Hoon Lee</p>	<ul style="list-style-type: none"> • Total compensation of KRW 1,938 million <ul style="list-style-type: none"> – Earned Income <ul style="list-style-type: none"> • Salary: KRW 562 million (consists of monthly wage) • Bonus: KRW 962 million (consists of New Year's bonus, long-term incentive) • Profits from exercising stock option : n/a • Other earned income: KRW 414 million – Retirement Income: n/a – Other Income: n/a • Compensation criteria and calculation method <ul style="list-style-type: none"> – Salary: According to internal regulation for executive compensation (Board resolution) – Bonus: According to internal regulation for executive compensation (Board resolution) <ul style="list-style-type: none"> • New Year's bonus: 100% of monthly wage • Long-term incentive: According to executive long-term incentive rules (Board resolution) – Other earned income: According to executive treatment rules (Board resolution) <ul style="list-style-type: none"> • Consists of a special bonus (one-off) and fringe benefit

B. Stock Options Granted and Exercised

There have been no stock options granted to, or exercised by, the executive BOD or Audit Committee members during the reporting period.

(1) Stock options granted to non-registered executives

As at June 30, 2014, the accumulated weighted average exercise price of outstanding stock options is KRW 606,700. [Weighted average exercise price = Sum of (no. of unexercised stocks per period x exercise amount per period) / total no. of unexercised stocks]

[As of June 30, 2014]

(Unit: KRW, shares)

Grantee	Relationship	Date	Method	Type of stock	Changes			Unexercised	Exercise period	Exercise price
					Grant	Exercise	Cancel			
Kyung-Hoon Kang	Unregistered executive	Apr 16, 2004	Treasury share	Common	4,000	3,924	76	0	'06.4.17~ '14.4.16	580,300
Myung-Soo Kim	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Seok-ki Kim	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Seok-Pil Kim	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Haeng-Il Kim	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Hyuk-Cheol Kim	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Byung-Dae Park	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Seung-Kun Park	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Sang-Jo Ban	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Jae-Hyun Seong	Unregistered executive	Apr 16, 2004	Treasury share	Common	3,500	3,434	66	0	'06.4.17~ '14.4.16	580,300
Hak-Kyung Sung	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Byung-Se So	Unregistered executive	Apr 16, 2004	Treasury share	Common	3,500	3,434	66	0	'06.4.17~ '14.4.16	580,300
Seong-Won Song	Unregistered executive	Apr 16, 2004	Treasury share	Common	3,500	3,434	66	0	'06.4.17~ '14.4.16	580,300
Soon-Seon Sim	Unregistered executive	Apr 16, 2004	Treasury share	Common	3,500	3,434	66	0	'06.4.17~ '14.4.16	580,300
Wong-Tong	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Young-Hoon Um	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Moon-Kyun Woo	Unregistered executive	Apr 16, 2004	Treasury share	Common	3,500	3,434	66	0	'06.4.17~ '14.4.16	580,300
Ki-Ok Lee	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Ki-Woong Lee	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Sang-Cheol Lee	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300

Grantee	Relationship	Date	Method	Type of stock	Changes			Unexercised	Exercise period	Exercise price
					Grant	Exercise	Cancel			
Jae-Hyung Lee	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Chung-Ki Jang	Unregistered executive	Apr 16, 2004	Treasury share	Common	30,000	29,426	574	0	'06.4.17~ '14.4.16	580,300
Joon-Young Jeon	Unregistered executive	Apr 16, 2004	Treasury share	Common	3,500	3,434	66	0	'06.4.17~ '14.4.16	580,300
Keum-Yong Jeong	Unregistered executive	Apr 16, 2004	Treasury share	Common	4,000	3,924	76	0	'06.4.17~ '14.4.16	580,300
Woo-In Jeong	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Eun-Seung Jeong	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Seung-Hwan Cho	Unregistered executive	Apr 16, 2004	Treasury share	Common	3,500	3,434	66	0	'06.4.17~ '14.4.16	580,300
In-Soo Cho	Unregistered executive	Apr 16, 2004	Treasury share	Common	3,500	3,434	66	0	'06.4.17~ '14.4.16	580,300
Jae-Moon Cho	Unregistered executive	Apr 16, 2004	Treasury share	Common	3,500	3,434	66	0	'06.4.17~ '14.4.16	580,300
Seung-Cheol Choi	Unregistered executive	Apr 16, 2004	Treasury share	Common	3,500	3,434	66	0	'06.4.17~ '14.4.16	580,300
Young-Jun Choi	Unregistered executive	Apr 16, 2004	Treasury share	Common	4,000	3,924	76	0	'06.4.17~ '14.4.16	580,300
In-Kwon Choi	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Jeong-Hyuk Choi	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Myung-Seob Han	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Deuk-Kyu Hwang	Unregistered executive	Apr 16, 2004	Treasury share	Common	3,500	3,434	66	0	'06.4.17~ '14.4.16	580,300
Kyung-Do Kim and other 83	-	Apr 16, 2004	Treasury share	Common	409,500	359,867	49,633	0	'06.4.17~ '14.4.16	580,300
Total	-	-	-	-	590,000	536,939	53,061	0	-	-

※ The change in number of shares granted reflects the cancellation of share grants according to Company's internal revocation policy and decline of earnings in 2004.

※ As of June 30, 2014, the closing price was KRW 1,322,000. 'Relationship' is as of the reporting date (June 30, 2014).

[As of June 30, 2014]

(Unit: KRW, shares)

Grantee	Relationship	Date	Method	Type of stock	Changes			Unexercised	Exercise period	Exercise price
					Grant	Exercise	Cancel			
Young-Soo Kwak and other 1	-	Dec 20, 2005	Treasury share	Common	10,000	5,000	-	5,000	'07.12.21~ '15.12.20	606,700

※ As of June 30, 2014, the closing price was KRW 1,322,000. 'Relationship' is as of the reporting date (June 30, 2014).

VII. Related Party Transactions

1. Credit Offerings for Affiliates and Subsidiaries

A. Debt Guarantee of Obligations (as of June 30, 2014)

- Domestic: N/A

- Overseas:

(Unit: USD thousand)

Company	Relationship	Creditor	Guarantee Expiry Date	Transactions				Limit of Guarantee
				Beginning of period	Increase	Decrease	End of period	
SEA	Subsidiary	SMBC, etc.	2017-04-10	2,840,000	0	1,340,000	1,500,000	2,930,000
SECA	Subsidiary	Nova Scotia	2014-10-10	0	0	0	0	15,000
SEM	Subsidiary	Santander, etc.	2015-06-13	314,620	0	215,932	98,688	536,000
SAMCOL	Subsidiary	Citibank, etc.	2015-06-13	34,050	4,730	0	38,780	137,000
SEDA	Subsidiary	HSBC, etc.	2015-06-13	257,366	0	245,782	11,584	1,110,000
SECH	Subsidiary	Citibank, etc.	2015-06-13	49,400	32,196	0	81,596	168,000
SEPR	Subsidiary	BBVA, etc.	2015-06-13	63,688	0	16,072	47,616	210,000
SELA	Subsidiary	Citibank	2014-12-16	0	0	0	0	40,000
SEEH	Subsidiary	HSBC, etc.	2015-06-13	0	0	0	0	970,000
SSA	Subsidiary	Citibank, etc.	2015-06-13	64,729	58,193	0	122,922	335,000
SEMRC	Subsidiary	SocGen, etc.	2014-12-16	22,157	17,670	0	39,827	110,000
SETK	Subsidiary	BTMU, etc.	2015-06-13	150,784	55,191	0	205,975	370,000
SERK	Subsidiary	BNP, etc.	2015-06-28	0	0	0	0	375,000
SEI	Subsidiary	Intesa	2014-10-31	550	0	550	0	0
SECE	Subsidiary	Citibank, etc.	2015-06-13	10,400	0	10,400	0	90,000
SEUC	Subsidiary	Credit Agricole, etc.	2015-06-13	16,920	0	16,920	0	175,000
SELV	Subsidiary	Citibank	2014-12-16	0	0	0	0	10,000
SAPL	Subsidiary	BOA, etc.	2015-06-13	0	0	0	0	504,467
SEV	Subsidiary	SCB	2014-11-08	0	0	0	0	15,000
SAVINA	Subsidiary	BTMU, etc.	2014-11-08	0	0	0	0	90,000
SEEG	Subsidiary	HSBC	2014-06-13	3,000	0	3,000	0	0
SEPCO	Subsidiary	Citibank, etc.	2014-12-16	54,225	0	13,692	40,533	40,533
SET	Subsidiary	SCB, etc.	2014-11-08	0	0	0	0	100,000
SEIN	Subsidiary	BTMU, etc.	2014-11-08	16,400	64,608	0	81,008	140,000
STIN	Subsidiary	BTMU, etc.	2014-11-08	0	0	0	0	40,000
SCIC	Subsidiary	HSBC, etc.	2015-06-13	0	0	0	0	200,000
SCS	Subsidiary	Korea Exchange Bank	2015-01-13	0	400,000	0	400,000	400,000
SJC	Subsidiary	Mizuho Bank, etc.	2015-05-31	285,600		78,763	206,837	694,000
SRJ	Subsidiary	SMBC	2016-02-28	26,085		1,435	24,650	24,650
SEDAM	Subsidiary	Citibank, etc.	2015-06-13	54,315	186,237	0	240,552	366,000
SME	Subsidiary	SCB	2014-11-08	0	0	0	0	120,000
Total				4,264,289	818,825	1,942,546	3,140,568	10,315,650

Other than the guarantee obligations presented above, the Company provides payment guarantees of KRW 19,267 million (HUF 4.32 billion) to SEH (Samsung Electronics Hungarian) in Hungary to guarantee fulfillment of an investment incentive contract with the Hungarian government.

The Company requires BOD approval for individual guarantees exceeding 2.5% of equity capital. When the guarantee amount is between 0.1% and 2.5%, the approval decision is delegated to the Management Committee.

B. Purchase and Sales of Securities

(Unit: KRW million)

Company	Relationship	Changes					Balance	Note
		Securities Type	Purchase	Sale	Total	Profit & Loss		
Samsung Asset Management	Affiliate	Beneficiary certificate	1,250,000	1,250,000	2,500,000	16,077	1,257,839	Asset management

※ Profit and loss of beneficiary certificate is based on gain from disposition.

2. Purchase and Sales of Assets with Affiliates and Subsidiaries

During the first six month of 2014, the Company sold assets to affiliates including SCS (Samsung China Semiconductor Co., Ltd.) for the purpose of increasing production capacity.

In addition, the Company purchased assets including facilities from affiliates to make domestic production more efficient.

(Unit: KRW million)

Company	Relationship	Purpose	Transaction Date	Date based on	Asset	Amount
SCS	Subsidiary	Asset sale	2014.06.08	Date of sale	Machinery, etc.	29,744
SAS	Subsidiary	Asset purchase	2014.05.20	Date of purchase	Machinery, etc.	17,351
SESS	Subsidiary	Asset sale/purchase	2014.06.30	Date of sale/purchase	Machinery, etc.	4,793
SEV	Subsidiary	Asset sale/purchase	2014.06.19	Date of sale/purchase	Machinery, etc.	3,383
SEVT	Subsidiary	Asset sale	2014.05.26	Date of sale	Machinery, etc.	2,745
SII	Subsidiary	Asset sale/purchase	2014.06.09	Date of sale/purchase	Machinery, etc.	2,593
SDC	Subsidiary	Asset purchase	2014.02.01	Date of purchase	Intellectual property right, etc.	1,458
SESC	Subsidiary	Asset purchase	2014.04.18	Date of purchase	Machinery, etc.	950
SRC-Guangzhou	Subsidiary	Asset sale	2014.02.17	Date of sale	Machinery, etc.	879
SEMES	Subsidiary	Asset purchase	2014.05.30	Date of purchase	Machinery, etc.	808
TSST KOREA	Affiliate	Asset sale	2014.01.01	Date of sale	Intellectual property right, etc.	575
SSEC-E	Subsidiary	Asset sale	2014.02.01	Date of sale	Machinery, etc.	524
SSEC	Subsidiary	Asset sale	2014.03.21	Date of sale	Machinery, etc.	190
SEMCO	Affiliate	Asset sale	2014.06.23	Date of sale	Machinery, etc.	110

※ Transaction date: most recent transaction

3. Business Transactions with Affiliates and Subsidiaries

During the first six months of 2014, the Company had business transactions with affiliates STA (Samsung Telecommunications America LLC.) and SEV(Samsung Electronics Vietnam Co., Ltd.) regarding HHP and network equipment.

(Unit: KRW million)

Company	Relationship	Type of Transaction	Date	Details	Amount
STA	Subsidiary	Sales/Purchases	2014.01 - 2014.06	Sales of HHP and Network Equipment, etc.	9,490,730
SEV	Subsidiary	Sales/Purchases	2014.01 - 2014.06	Purchase of HHP and Home Appliance, etc.	8,792,632

4. Transactions with Stakeholders other than Affiliates and Subsidiaries

As at June 30, 2014, the Company's total outstanding loan amount is KRW108.7 billion, which includes support for partner companies for product competitiveness and mutual development as well as home loan and educational expenses for employee welfare. In addition, the Company provides debt guarantees up to KRW 13.5 billion for employees' loans from financial institutions relating to housing rental.

(Unit: KRW million)

Company	Relationship	Account title	Loans			
			Transaction			
			Beginning of period (January 1, 2014)	Increase	Decrease	End of period (June 30, 2014)
Jeil Precision Industrial, etc	Partner company	Short-term loans	30,977	2,019	3,424	29,572
Dooil I&D, etc	Partner company and employee	Long-term loans	77,303	19,632	17,834	79,101
Total			108,280	21,651	21,258	108,673

※ The amount shown above reflects present value of discounted debts, before accounting for bad debts.

VIII. Other Information Related to Investment Protection

1. Public Disclosure

(A) Major management activities

Report date	Title	Report	Progress
Feb 7, 2011	Request for Revision of Court's Ruling on Samsung Motors Case	Related to the agreement regarding court receivership of Samsung Motors between 28 Samsung affiliates (including Samsung Electronics) and creditors of Samsung Motors in September 1999, the Samsung affiliates (including Samsung Electronics) appealed the Court's ruling of January 1, 2011, against the case filed by the defendants (Creditors filed the case on December 2005).	In progress
Mar 4, 2011	Filing of a lawsuit	Related to the agreement regarding court receivership of Samsung Motors between 28 Samsung affiliates (including Samsung Electronics) and creditors of Samsung Motors in September 1999, creditors appealed the Court's ruling of January 1, 2011 regarding the dispute case filed by the creditors on December 2005.	In progress (The Company received on Mar 4, 2011 the petition of appeal that the creditors of Samsung Motors submitted on Feb 1, 2011)

2. Summary of Shareholder Meeting results

Date	Agenda	Results
FY2014 annual general meeting of shareholders ('14.3.14)	1. Approval of Balance Sheet, Income Statement, and Statement of Appropriation of Retained Earnings (Draft), etc. for FY2013 2. Approval of the limit on the remuneration for the Directors	Approved Approved
FY2013 annual general meeting of shareholders ('13.3.15)	1. Approval of Balance Sheet, Income Statement, and Statement of Appropriation of Retained Earnings (Draft), etc. for FY2012 2. Appointment of Directors 2.1 : Appointment of Independent Directors 2.1.1: In-Ho Lee 2.1.2: Kwang-Soo Song 2.1.3: Eun-Mee Kim 2.2: Appointment of Executive Directors 2.2.1: Boo-Keun Yoon 2.2.2: Jong-Kyun Shin 2.2.3: Sang-Hoon Lee 2-3: Appointment of Members of Audit Committee 2.3.1: In-Ho Lee 2.3.2: Kwang-Soo Song 3. Approval of the limit on the remuneration for the Directors	Approved Approved Approved
FY2012 annual general meeting of shareholders ('12.3.16)	1. Approval of Balance Sheet, Income Statement, and Statement of Appropriation of Retained Earnings (Draft), etc. for FY2011 2. Appointment of Directors 2.1: Appointment of Independent Directors 2.2: Appointment of Executive Directors 2.3: Appointment of Members of Audit Committee 3. Approval of the limit on the remuneration for the Directors 4. LCD business spin-off	Approved Approved Approved Approved

3. Litigation

On December, 2005, based on the agreement entered on September 1999 with respect to Samsung Motor Inc.'s ("SMI") bankruptcy proceedings, SMI's creditors (the "Creditors") filed a civil action against Mr. Kun-Hee Lee, chairman of the Company, and 28 Samsung Group affiliates including the Company under joint and several liability for failing to comply with such agreement. Under the suit, the Creditors have sought KRW 2,450 billion for loss of principal on loans extended to SMI and additional amounts for default interest. During the course of Samsung Life Insurance's ("SLI") Initial Public Offering ("IPO"), its shares owned by the Creditors were disposed of, and the part of proceeds exceeding the par value of KRW 70,000 was deposited into an escrow account (KRW 877.6 billion). Most of the claims with regards to the lawsuit have been withdrawn. On January 11, 2011, the Seoul High Court ordered Samsung Group affiliates to pay to the Creditors KRW 600 billion and penalties due to delay. In accordance with the Seoul High Court order, KRW 620.4 billion (which includes penalties and interest owed) was paid to the Creditors from the funds held in escrow during January 2011. Samsung Group affiliates and the Creditors appealed the Seoul High Court's ruling to the Korean Supreme Court, and the appeal is currently in progress.

As at the time of this disclosure, There are a number of on-going IP related litigations with Apple Inc. Regarding the ongoing lawsuit in the U.S.A, on August 24, 2012, the jury determined that the Company partially infringed Apple's design and utility patent and should pay damages to Apple. On March 1, 2013, however, the Judge ordered a new trial for a certain portion of the damages, ruling that it was originally miscalculated. On March 6, 2014, the Judge denied Apple's bid for a permanent injunction against the Company and made a final judgment restating the total damages amount determined by a jury verdict on November 21, 2013. The Company appealed the decision on the damages amount on March 7, 2014, and the appeal is currently in progress. The final conclusion and the effect of the patent lawsuits with Apple are uncertain as of the reporting date. In August 2014, the company and Apple Inc. reached an agreement to withdraw suits held in countries other than U.S.A

As of June 30, 2014, there are multiple on-going lawsuits and civil damage claims by some overseas purchasers of TFT-LCD panels, as well as investigations by regulatory authorities, in connection with the price fixing of LCD panels. These lawsuits, claims and investigations were initiated prior to the spin-off of LCD business. The timing of payments related to these matters is currently uncertain but our management believes that the ultimate resolution of such lawsuits, claims and investigations would not materially affect the financial condition of the company.

In addition, during the normal course of business with numerous companies, the Company has been involved in various claims, disputes, and investigations conducted by regulatory bodies. Although the outflow of resources and timing of these matters are uncertain, the Company believes the outcome will not have a material impact on the financial condition of the Company.

4. Guarantees

Refer to Commitments and Contingencies notes in the Separate and Consolidated Financial Statements

5. Sanctions and Others

The Company paid a fine of KRW 1.602 billion on 7 August 2012 according to a corrective order resulting from the violation of Article 8 (Prohibition of Unreasonable Cancellation of Entrustment) in pursuant to the Fair Transactions in Subcontracting Act. On 21 March 2012, the Company paid a fine of KRW 12.907 billion according to a corrective order resulting from the violating of Article 19 (Prohibition of Unfair Collaborative Acts) of the Monopoly Regulation and Fair Trade Act from the Fair Trade Commission relating to sales of washing machines, flat panel TVs and notebook PCs.

The Company is still engaged in a lawsuit after being issued a corrective order and fine (KRW 14.126 billion) on July 10, 2012 for violating Article 23 (Prohibition of Unfair Trade Practices) of the Monopoly Regulation and Fair Trade Act. In relation to the same lawsuit, the Company and two executives (one incumbent, senior vice president at the time and one retired, vice president at the time) were ordered to pay a fine (the Company: KRW 300 million, two executives: 50 million each) on Mar 12, 2012, and have subsequently paid.

The Company was ordered to pay a fine (KRW 26 million) on Jan 13, 2014 from the Fair Trade Commission for violating Article 4 (Announcement of Critical Information and Integrated Notification) of the Act on Fair Labeling and Advertising), and this has been subsequently paid.

For the hydrofluoric acid gas leak, the Company was ordered to pay a fine (KRW 267 million) on Mar 7, 2013, for violating the Occupational Safety and Health Act, and have subsequently paid. The Company was issued an improvement order and ordered to pay a fine (KRW 2.2 million) on Apr 1, 2013, for violating the Toxic Chemicals Control Center. Accordingly, the Company reported compliance with the improvement order and subsequently paid the fine.

The Company was ordered and paid a fine of KRW 166.7 million for not reporting imported chemical substances in August 2013, when the Ministry of Environment and Gyeong-Gi province conducted a joint inspection.

The Company is consistently providing education to executives and employees to promote fair competition that is up to global standards, and operating various programs for compliance. The Company reinforced internal controls to comply with relevant laws on environmental safety and provides related education for executives and employees.

6. Return of Short-Swing Profits

The Company has not received any notification of short-swing profits from the Securities & Futures Commission (the Governor of the Financial Supervisory Service) over the last three years and until the date of this report.

7. Subsequent Events

On July 1, 2014, Samsung SDI merged with Cheil Industries and Samsung Everland, related parties of the Company, and subsequently changed its name to Cheil Industries, Inc.

8. Acquisition and Divestments

A. Acquisitions and divestments

[Samsung LED Merge]

- Type: Merger
- Purpose: Efficiency and profitability of LED business
- Board Decision Date: 26 December 2011
- Board Approval Date: 20 February 2012
(※ The Board of Directors approved the merger in lieu of the Annual Shareholder Meeting.)
- Merger Date: April 1, 2012

	Acquiring Company	Predecessor Company
Name	Samsung Electronics Co., Ltd.	Samsung LED Co., Ltd.
Address	416, Maetan-dong, Yeongtong-gu, Suwon-si, Gyeonggi-do, Korea	San 24, Nongseo-dong, Giheung-gu, Yongin-si, Gyeonggi-do, Korea
President	Gee-sung Choi	Nam-sung Cho
Rate of Merger	1	0.0134934

[LCD Business Spin-off]

- Type: Physical division (establishment of Samsung Display Co., Ltd)
- Purpose: Efficiency of LCD business and profitability
- Approval Date (At the Annual Shareholder Meeting): March 16, 2012
- Spin-off Date: April 1, 2012

[Samsung Electronics Hainan Fiber Optics Korea Merge]

- Type: Merger
- Purpose: Efficiency and profitability of Camera module and Touchscreen
- Board Decision Date: September 13, 2012
- Board Approval Date: October 26, 2012
(※ The Board of Directors approved the merger in lieu of the Annual Shareholder Meeting.)
- Merger Date: 1 December 2012

	Acquiring Company	Predecessor Company
Name	Samsung Electronics Co., Ltd.	Samsung Electronics Hainan Fiber Optics Korea Co., Ltd.
Address	129, Samsung-ro, Yeongtong-gu, Suwon-si, Gyeonggi-do, Korea	94-1, Imsu-dong, Gumi-si, Gyeongsangbuk-do, Korea
President	Oh-Hyun Kwon	Phil-Young Kim
Merger Ratio	1	0.2056163

※ We acquired Hainan Fiber Optics Korea Corp. without issuance of new shares as the Company held 100% ownership of equity

B. Post Information

[Samsung LED]

(Unit: KRW million)

Predecessor Company	Account	Year 2 (2012)			Reason for Difference
		Forecast	Actual	Forecast Vs. Actual Ratio	
Samsung LED	Revenue	2,381,405	1,587,265	33%	IT market and lighting business stagnation
	Operating Profit	258,250	-54,283	121%	
	EBIT	234,507	-76,422	133%	

※ For Year 1 (2011), refer to the Audited Financial Statement of Samsung LED.

[Samsung Electronics Hainan Fiber Optics Korea]

(Unit: KRW million)

Predecessor Company	Account	Year 1 (2012)			Reason for Difference
		Forecast	Actual	Forecast Vs. Actual Ratio	
SEHF-K	Revenue	1,111,692	1,086,135	2%	Decrease of profitability of Touch Screen Panel Business
	Operating Profit	33,366	5,121	85%	
	EBIT	31,517	1,008	97%	

9. Green Management

The Company is increasing acquisitions of “Green Technology Green Project Certifications” to follow the Low Carbon Green Growth policy of the Korean government.

(Green Technology Green Project Certification)

In accordance with clause 2 of Article 32 of the Framework Act on Low Carbon Green Growth, the Company acquires Green Technology Green Project Certification. Green technology development is a part of our Planet First strategy, which aims for business activities that respect people and nature. Since the certification system was introduced in 2010, the Company has secured 35 valid green certifications as of June 30, 2014. In addition, the Company has acquired 14 ‘Green technology product certificates (362 models), for commercialized products. Meanwhile, the Company withdrew the application for Giheung/Hwasung Campus to be re-designated as green company, and as of Apr 5, 2013, the application was cancelled.

Certified Green Technology Green Projects as of June 30, 2014 are as follows:

Division	Business	Name of green technology and green projects	No.
CE		Eco Bubble washing technology, etc.	23
IM		Membrane laminated air filter for telecommunication base transceiver stations; Low power consumption cooling, heating, and controlling humidity, etc.	6
DS	Semiconductor	3-bit NAND Flash semiconductor design technology, etc.	5
	DP	Transparent LCD Display technology, etc.	1
Total			35

※ Headquarters basis only.

※ Refer to 『11. Other Information for Investment Decision Making (B. Environmental regulations)』 in 『II. Businesses Overview』 for greenhouse gas emission and energy use.

IX. Auditor's Report

1. Introduction

Samil PwC has reviewed the interim consolidated/separate statements of financial position of the Company as of June 30, 2014, and the related interim consolidated/separate statements of income and comprehensive income for the three and six months ended June 30, 2014, and the interim consolidated/separate statements of changes in equity and cash flows for the six months ended June 30, 2014. Nothing has come to attention that causes them to believe the accompanying interim consolidated/separate financial statements are not presented fairly, in all material respects, in accordance with the K-IFRS 1034, Interim Financial Reporting. Samil PwC also conducted audits on the consolidated/separate statements of financial position of the Company as of December 31, 2012 and 2013, and the related consolidated/separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended and expressed an unqualified opinion on those financial statements. There are 150 subsidiaries as of June 30, 2014 and no auditors have changed for the subsidiaries for the six months ended June 30, 2014.

<Review plan for six-month period ended June 30, 2014 >

	Pre-Review	Review
Consolidated Financial Statements	2014.06.09 ~ 2014.06.27	2014.07.09 ~ 2014.08.08
Separate Financial Statements	2014.06.09 ~ 2014.06.27	2014.07.09 ~ 2014.08.08

<Audit Contract Description>

(Unit: KRW million)

Fiscal Year	Auditor	Description	Compensation	Total Hours
Six-months ended June 30, 2014	Samil PwC	- Review of the interim consolidated/separate financial statements	1,167	13,415
Year ended December 31, 2013	Samil PwC	- Review of the interim consolidated/separate financial statements - Audit on consolidated/separate financial statements	3,840	44,702
Year ended December 31, 2012	Samil PwC	- Review of the interim consolidated/separate financial statements - Audit on consolidated/separate financial statements	3,660	43,572

Samil PwC has performed non-audit services and has been paid KRW 2,442 million from the Company for the six months ended June 30, 2014.

<Non-Audit Service Contract Description>

(Unit: KRW million)

Fiscal Year	Contract Date	Non-audit Service Description	Period for Service	Compensation
Six-months ended June 30, 2014	September 2013	Incorporation, M&A and Divestiture Advisory	2014.01~2014.06	966
	August 2013	Tax Advisory	2014.01~2014.06	533
	October 2013	Process Improvement Advisory	2014.01~2014.06	646
		Others		297
	Subtotal			2,442
Year ended December 31, 2013	November 2012	Incorporation, M&A and Divestiture Advisory	2013.01~2013.12	2,466
	August 2012	Tax Advisory	2013.01~2013.12	2,272
	June 2012	Process Improvement Advisory	2013.01~2013.12	1,896
		Others		1,573
	Subtotal			8,207
Year ended December 31, 2012	January 2012	Incorporation and M&A Advisory	2012.01~2012.12	3,520
	January 2011	Tax Advisory	2012.01~2012.12	3,995
	November 2011	IP Advisory	2012.01~2012.12	1,287
	January 2012	Process Improvement Advisory	2012.01~2012.12	2,815
		Others		802
	Subtotal			12,419

X. Financial Statements

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In millions of Korean Won, in thousands of U.S dollars(refer to XI.-28))

	June 30, 2014 KRW	December 31, 2013 KRW	June 30, 2014 USD	December 31, 2013 USD
Assets				
Current Assets				
Cash and cash equivalents	16,057,574	16,284,780	15,829,627	16,053,608
Short-term financial instruments	41,692,883	36,722,702	41,101,028	36,201,402
Available-for-sale financial assets	2,912,533	1,488,527	2,871,188	1,467,396
Trade and other receivables	26,647,897	27,875,934	26,269,615	27,480,219
Advances	1,744,336	1,928,188	1,719,574	1,900,816
Prepaid expenses	3,379,484	2,472,950	3,331,510	2,437,845
Inventories	18,276,064	19,134,868	18,016,625	18,863,237
Other current assets	2,088,899	2,135,589	2,059,246	2,105,274
Assets held for sale	-	2,716,733	-	2,678,167
Total current assets	112,799,670	110,760,271	111,198,413	109,187,964
Non-current assets				
Available-for-sale financial assets	10,644,223	6,238,380	10,493,122	6,149,823
Associates and joint ventures	6,904,622	6,422,292	6,806,607	6,331,124
Property, plant and equipment	75,593,653	75,496,388	74,520,557	74,424,673
Intangible assets	4,220,289	3,980,600	4,160,380	3,924,093
Long-term prepaid expenses	5,398,121	3,465,783	5,321,492	3,416,584
Deferred income tax assets	4,814,124	4,621,780	4,745,785	4,556,171
Other non-current assets	4,348,372	3,089,524	4,286,643	3,045,666
Total assets	224,723,074	214,075,018	221,532,999	211,036,098

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In millions of Korean Won, in thousands of U.S dollars(refer to XI.-28))

	June 30, 2014 KRW	December 31, 2013 KRW	June 30, 2014 USD	December 31, 2013 USD
Liabilities and Equity				
Current liabilities				
Trade and other payables	16,239,597	17,633,705	16,009,066	17,383,384
Short-term borrowings	9,325,033	6,438,517	9,192,659	6,347,118
Advances received	1,279,092	1,706,313	1,260,935	1,682,091
Withholdings	1,014,888	1,176,046	1,000,481	1,159,351
Accrued expenses	8,966,410	11,344,530	8,839,127	11,183,488
Income tax payable	4,304,736	3,386,018	4,243,628	3,337,951
Current portion of long-term borrowings and debentures	1,163,288	2,425,831	1,146,774	2,391,395
Provisions	7,047,572	6,736,476	6,947,528	6,640,848
Other current liabilities	484,836	467,973	477,953	461,331
Total current liabilities	49,825,452	51,315,409	49,118,151	50,586,957
Non-current liabilities				
Debentures	1,269,911	1,311,068	1,251,884	1,292,457
Long-term borrowings	2,214,013	985,117	2,182,584	971,133
Long-term trade and other payables	2,568,565	1,053,756	2,532,103	1,038,797
Net defined benefit liabilities	2,466,119	1,854,902	2,431,111	1,828,571
Deferred income tax liabilities	4,995,349	6,012,371	4,924,437	5,927,022
Provisions	594,209	460,924	585,774	454,381
Other non-current liabilities	1,275,992	1,065,461	1,257,878	1,050,335
Total liabilities	65,209,610	64,059,008	64,283,922	63,149,653

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In millions of Korean Won, in thousands of U.S dollars(refer to XI.-28))

	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
	KRW	KRW	USD	USD
Equity attributable to owners of the parent				
Preferred stock	119,467	119,467	117,771	117,771
Common stock	778,047	778,047	767,002	767,002
Share premium	4,403,893	4,403,893	4,341,377	4,341,377
Retained earnings	160,188,962	148,600,282	157,914,986	146,490,814
Other components of equity	(11,671,599)	(9,459,073)	(11,505,913)	(9,324,795)
Non-controlling interests	5,694,694	5,573,394	5,613,854	5,494,276
Total equity	159,513,464	150,016,010	157,249,077	147,886,445
Total liabilities and equity	224,723,074	214,075,018	221,532,999	211,036,098

INTERIM CONSOLIDATED STATEMENTS OF INCOME

(In millions of Korean Won, in thousands of U.S dollars(refer to XI.-28))

	For the three-months ended June 30,				For the six-months ended June 30,			
	2014	2013	2014	2013	2014	2013	2014	2013
	KRW	KRW	USD	USD	KRW	KRW	USD	USD
Revenue	52,353,229	57,464,448	51,610,044	56,648,707	106,028,555	110,332,543	104,523,418	108,766,308
Cost of sales	31,671,819	34,341,419	31,222,219	33,853,923	63,721,334	65,720,774	62,816,772	64,787,829
Gross profit	20,681,410	23,123,029	20,387,825	22,794,784	42,307,221	44,611,769	41,706,646	43,978,479
Selling, general and administrative expenses	13,494,087	13,592,346	13,302,530	13,399,395	26,631,099	26,301,628	26,253,056	25,928,261
Operating profit	7,187,323	9,530,683	7,085,295	9,395,389	15,676,122	18,310,141	15,453,590	18,050,218
Other non-operating income	587,936	360,986	579,590	355,862	2,499,532	577,152	2,464,050	568,959
Other non-operating expense	336,141	273,207	331,369	269,329	1,286,112	588,522	1,267,855	580,168
Share of profit of associates and joint ventures	64,005	212,315	63,096	209,301	94,141	390,251	92,805	384,711
Finance income	2,236,805	2,331,043	2,205,052	2,297,952	3,687,096	4,258,664	3,634,756	4,198,210
Finance expense	1,954,822	2,333,992	1,927,072	2,300,860	3,236,703	4,074,421	3,190,756	4,016,582
Profit before income tax	7,785,106	9,827,828	7,674,592	9,688,315	17,434,076	18,873,265	17,186,590	18,605,348
Income tax expense	1,534,325	2,054,017	1,512,544	2,024,858	3,608,854	3,944,513	3,557,625	3,888,518
Profit for the period	6,250,781	7,773,811	6,162,048	7,663,457	13,825,222	14,928,752	13,628,965	14,716,830
Profit attributable to owners of the parent	6,176,506	7,575,016	6,088,827	7,467,484	13,661,186	14,551,934	13,467,257	14,345,361
Profit attributable to non-controlling interests	74,275	198,795	73,221	195,973	164,036	376,818	161,708	371,469
Earnings per share for profit attributable to the owners of the parent (in Korean Won, in US dollars)								
- Basic	40,953	50,254	40.37	49.54	90,593	96,546	89.31	95.18
- Diluted	40,952	50,236	40.37	49.52	90,584	96,506	89.30	95.14

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions of Korean Won, in thousands of U.S dollars(refer to XI.-28))

	For the three-months ended June 30,				For the six-months ended June 30,			
	2014	2013	2014	2013	2014	2013	2014	2013
	KRW	KRW	USD	USD	KRW	KRW	USD	USD
Profit for the period	6,250,781	7,773,811	6,162,048	7,663,457	13,825,222	14,928,752	13,628,965	14,716,830
Other comprehensive income								
Items not to be reclassified								
subsequently to profit or loss :								
Remeasurement of the net defined benefit liabilities, net of tax	(15,581)	(8,393)	(15,360)	(8,274)	(20,607)	(16,991)	(20,314)	(16,750)
Items to be reclassified								
subsequently to profit or loss :								
Changes in value of available-for-sale financial assets, net of tax	(220,086)	574,138	(216,962)	565,988	(269,944)	838,906	(266,112)	826,997
Share of other comprehensive income(loss) of associates and joint ventures, net of tax	(57,892)	(13,984)	(57,070)	(13,785)	(83,917)	1,389	(82,726)	1,369
Foreign currency translation, net of tax	(2,028,209)	1,018,573	(1,999,418)	1,004,113	(1,904,929)	1,972,908	(1,877,888)	1,944,902
Other comprehensive income(loss) for the period, net of tax	(2,321,768)	1,570,334	(2,288,810)	1,548,042	(2,279,397)	2,796,212	(2,247,040)	2,756,518
Total consolidated comprehensive income for the period	3,929,013	9,344,145	3,873,238	9,211,499	11,545,825	17,724,964	11,381,925	17,473,348
Consolidated comprehensive income attributable to :								
Owners of the parent	3,914,659	9,103,315	3,859,088	8,974,088	11,423,127	17,269,552	11,260,969	17,024,401
Non-controlling interests	14,354	240,830	14,150	237,411	122,698	455,412	120,956	448,947

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In millions of Korean won)

2013 KRW	Preferred stock	Common stock	Share premium	Other components of equity	Retained earnings	Equity attributable to owners of the parent	Non- controlling interests	Total
Balance as of January 1, 2013	119,467	778,047	4,403,893	(8,193,044)	119,985,689	117,094,052	4,386,154	121,480,206
Profit for the period	-	-	-	-	14,551,934	14,551,934	376,818	14,928,752
Changes in value of available-for-sale financial assets, net of tax	-	-	-	836,943	-	836,943	1,963	838,906
Share of other comprehensive income of associates and joint ventures, net of tax	-	-	-	1,278	-	1,278	111	1,389
Foreign currency translation, net of tax	-	-	-	1,896,125	-	1,896,125	76,783	1,972,908
Remeasurement of net defined benefit liabilities, net of tax	-	-	-	(16,728)	-	(16,728)	(263)	(16,991)
Total comprehensive income	-	-	-	2,717,618	14,551,934	17,269,552	455,412	17,724,964
Dividends	-	-	-	-	(1,131,255)	(1,131,255)	(588)	(1,131,843)
Capital transaction under common control	-	-	-	2,176	-	2,176	290,918	293,094
Effect of business combination	-	-	-	-	-	-	894	894
Disposal of treasury stock	-	-	-	16,719	-	16,719	-	16,719
Stock option activities	-	-	-	(4,771)	-	(4,771)	-	(4,771)
Others	-	-	-	(3)	-	(3)	278	275
Total transactions with owners	-	-	-	14,121	(1,131,255)	(1,117,134)	291,502	(825,632)
Balance as of June 30, 2013	119,467	778,047	4,403,893	(5,461,305)	133,406,368	133,246,470	5,133,068	138,379,538

The accompanying notes are an integral part of these consolidated financial statements.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of US dollars(refer to XI.-28))

2013 USD	Preferred stock	Common stock	Share premium	Other components of equity	Retained earnings	Equity attributable to owners of the parent	Non- controlling interests	Total
Balance as of January 1, 2013	117,771	767,002	4,341,377	(8,076,739)	118,282,423	115,431,834	4,323,890	119,755,724
Profit for the period	-	-	-	-	14,345,361	14,345,361	371,469	14,716,830
Changes in value of available-for-sale financial assets, net of tax	-	-	-	825,062	-	825,062	1,935	826,997
Share of other comprehensive income of associates and joint ventures, net of tax	-	-	-	1,260	-	1,260	109	1,369
Foreign currency translation, net of tax	-	-	-	1,869,208	-	1,869,208	75,693	1,944,901
Remeasurement of net defined benefit liabilities, net of tax	-	-	-	(16,491)	-	(16,491)	(259)	(16,750)
Total comprehensive income	-	-	-	2,679,039	14,345,361	17,024,400	448,947	17,473,347
Dividends	-	-	-	-	(1,115,196)	(1,115,196)	(580)	(1,115,776)
Capital transaction under common control	-	-	-	2,145	-	2,145	286,788	288,933
Effect of business combination	-	-	-	-	-	-	881	881
Disposal of treasury stock	-	-	-	16,482	-	16,482	-	16,482
Stock option activities	-	-	-	(4,703)	-	(4,703)	-	(4,703)
Others	-	-	-	(3)	-	(3)	274	271
Total transactions with owners	-	-	-	13,921	(1,115,196)	(1,101,275)	287,363	(813,912)
Balance as of June 30, 2013	117,771	767,002	4,341,377	(5,383,779)	131,512,588	131,354,959	5,060,200	136,415,159

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In millions of Korean won)

2014 KRW	Preferred stock	Common stock	Share premium	Other components of equity	Retained earnings	Equity attributable to owners of the parent	Non- controlling interests	Total
Balance as of January 1, 2014	119,467	778,047	4,403,893	(9,459,073)	148,600,282	144,442,616	5,573,394	150,016,010
Profit for the period	-	-	-	-	13,661,186	13,661,186	164,036	13,825,222
Changes in value of available-for-sale financial assets, net of tax	-	-	-	(298,005)	-	(298,005)	28,061	(269,944)
Share of other comprehensive income(loss) of associates and joint ventures, net of tax	-	-	-	(83,499)	-	(83,499)	(418)	(83,917)
Foreign currency translation, net of tax	-	-	-	(1,833,893)	-	(1,833,893)	(71,036)	(1,904,929)
Remeasurement of net defined benefit liabilities, net of tax	-	-	-	(22,662)	-	(22,662)	2,055	(20,607)
Total comprehensive income (loss)	-	-	-	(2,238,059)	13,661,186	11,423,127	122,698	11,545,825
Dividends	-	-	-	-	(2,081,603)	(2,081,603)	(458)	(2,082,061)
Capital transaction under common control	-	-	-	(158)	-	(158)	(731)	(889)
Effect of business combination	-	-	-	-	-	-	(124)	(124)
Disposal of treasury stock	-	-	-	32,763	-	32,763	-	32,763
Stock option activities	-	-	-	(9,436)	-	(9,436)	-	(9,436)
Others	-	-	-	2,364	9,097	11,461	(85)	11,376
Total transactions with owners	-	-	-	25,533	(2,072,506)	(2,046,973)	(1,398)	(2,048,371)
Balance as of June 30, 2014	119,467	778,047	4,403,893	(11,671,599)	160,188,962	153,818,770	5,694,694	159,513,464

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of US dollars(refer to XI.-28))

2014 USD	Preferred stock	Common stock	Share premium	Other components of equity	Retained earnings	Equity attributable to owners of the parent	Non- controlling interests	Total
Balance as of January 1, 2014	117,771	767,002	4,341,377	(9,324,795)	146,490,814	142,392,169	5,494,276	147,886,445
Profit for the period	-	-	-	-	13,467,257	13,467,257	161,707	13,628,964
Changes in value of available-for-sale financial assets, net of tax	-	-	-	(293,775)	-	(293,775)	27,663	(266,112)
Share of other comprehensive income (loss) of associates and joint ventures, net of tax	-	-	-	(82,314)	-	(82,314)	(412)	(82,726)
Foreign currency translation, net of tax	-	-	-	(1,807,860)	-	(1,807,860)	(70,028)	(1,877,888)
Remeasurement of net defined benefit liabilities, net of tax	-	-	-	(22,340)	-	(22,340)	2,026	(20,314)
Total comprehensive income (loss)	-	-	-	(2,206,289)	13,467,257	11,260,968	120,956	11,381,924
Dividends	-	-	-	-	(2,052,053)	(2,052,053)	(451)	(2,052,504)
Capital transaction under common control	-	-	-	(156)	-	(156)	(721)	(877)
Changes in consolidated entities	-	-	-	-	-	-	(122)	(122)
Disposal of treasury stock	-	-	-	32,298	-	32,298	-	32,298
Stock option activities	-	-	-	(9,302)	-	(9,302)	-	(9,302)
Others	-	-	-	2,331	8,968	11,299	(84)	11,215
Total transactions with owners	-	-	-	25,171	(2,043,085)	(2,017,914)	(1,378)	(2,019,292)
Balance as of June 30, 2014	117,771	767,002	4,341,377	(11,505,913)	157,914,986	151,635,223	5,613,854	157,249,077

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of Korean Won, in thousands of U.S dollars (refer to XI.-28))

	2014	2013	2014	2013
Cash flows from operating activities	KRW	KRW	USD	USD
Profit for the period	13,825,222	14,928,752	13,628,965	14,716,830
Adjustments	11,442,741	12,276,969	11,280,305	12,102,690
Changes in assets and liabilities arising from operating activities	(1,877,559)	(2,349,434)	(1,850,906)	(2,316,082)
Cash flows from operating activities	23,390,404	24,856,287	23,058,364	24,503,438
Interest received	711,648	464,986	701,546	458,385
Interest paid	(218,750)	(230,983)	(215,646)	(227,704)
Dividend received	1,428,764	262,730	1,408,482	259,000
Income tax paid	(4,184,614)	(3,935,076)	(4,125,211)	(3,879,215)
Net cash generated from operating activities	21,127,452	21,417,944	20,827,535	21,113,904
Cash flows from investing activities				
Net increase in short-term financial instruments	(5,204,979)	(10,023,279)	(5,131,091)	(9,880,993)
Net decrease (increase) in short-term available-for-sale financial assets	(457,203)	17,411	(450,713)	17,164
Proceeds from disposal of long-term available-for-sale financial assets	147,449	9,794	145,356	9,655
Acquisition of long-term available-for-sale financial assets	(5,714,917)	(299,355)	(5,633,790)	(295,105)
Proceeds from disposal of associates and joint ventures	2,014,430	240	1,985,834	237
Acquisition of associates and joint ventures	(570,867)	(21,034)	(562,763)	(20,735)
Disposal of property and equipment	205,937	152,871	203,014	150,701
Purchases of property and equipment	(10,616,583)	(8,873,039)	(10,465,874)	(8,747,081)
Disposal of intangible assets	7,599	851	7,491	839
Purchases of intangible assets	(510,658)	(454,324)	(503,409)	(447,875)
Cash outflows from business combination	-	(167,155)	-	(164,782)
Others	(1,075,189)	(1,202,037)	(1,059,927)	(1,184,975)
Net cash used in investing activities	(21,774,981)	(20,859,056)	(21,465,872)	(20,562,950)

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of Korean Won, in thousands of U.S dollars(refer to XI.-28))

	For the six-months ended June 30,			
	2014	2013	2014	2013
	KRW	KRW	USD	USD
Cash flows from financing activities				
Net increase(decrease)				
in short-term borrowings	3,071,633	(54,493)	3,028,029	(53,719)
Disposal of treasury stock	27,582	13,262	27,190	13,074
Proceeds from long-term borrowings and debentures	1,739,653	26,672	1,714,958	26,293
Repayment of long-term borrowings and debentures	(1,655,995)	(1,332,557)	(1,632,487)	(1,313,641)
Payment of dividends	(2,084,004)	(1,134,535)	(2,054,420)	(1,118,430)
Net increase(decrease) in non-controlling interests	(489)	285,514	(482)	281,461
Net cash generated(used) in financing activities	1,098,380	(2,196,137)	1,082,788	(2,164,962)
Effect of exchange rate changes on cash and cash equivalents	(678,057)	770,312	(668,432)	759,378
Net decrease in cash and cash equivalents	(227,206)	(866,937)	(223,981)	(854,630)
Cash and cash equivalents				
Beginning of the period	16,284,780	18,791,460	16,053,608	18,524,704
End of the period	16,057,574	17,924,523	15,829,627	17,670,074

1. Allowance for bad debt

The allowances for bad debts over the past 3 years are as follows:

1) Bad debt allowance by account

(Unit: KRW million, %)

Period	Account	Receivables Amount	Allowance Amount	Allowance (%)
June 30 2014	Trade receivables	24,718,169	285,313	1.2%
	Short-term loans	4,864	73	1.5%
	Other receivables	2,226,288	11,247	0.5%
	Advances	1,747,727	3,391	0.2%
	Trade receivables (Long-term)	43,875	298	0.7%
	Other receivables (Long-term)	18,921	49	0.3%
	Advances (Long-term)	203,103	793	0.4%
	Long-term loans	150,400	825	0.5%
	Total	29,113,347	301,989	1.0%
2013	Trade receivables	25,256,002	267,470	1.1%
	Short-term loans	33,382	271	0.8%
	Other receivables	2,907,221	19,819	0.7%
	Advances	1,932,530	4,342	0.2%
	Trade receivables (Long-term)	36,229	205	0.6%
	Other receivables (Long-term)	24,384	227	0.9%
	Advances (Long-term)	76,429	792	1.0%
	Long-term loans	152,005	36,727	24.2%
	Total	30,418,182	329,853	1.1%
2012	Trade receivables	24,138,022	276,787	1.1%
	Short-term loans	60,843	675	1.1%
	Other receivables	2,815,696	2,335	0.1%
	Advances	1,676,804	2,376	0.1%
	Trade receivables (Long-term)	30,405	-	0.0%
	Other receivables (Long-term)	18,491	260	1.4%
	Advances (Long-term)	85,843	793	0.9%
	Long-term loans	166,689	643	0.4%
	Total	28,992,793	283,869	1.0%

※ Receivables amount is based on net present value (Consolidated)

※ Presented in accordance with Korean International Financial Reporting Standards (“K-IFRS”)

(2) Allowance for Bad Debt (Roll Forward)

(Unit: KRW million)

	June 30, 2014	2013	2012
1. Allowance for bad debts (beginning balance)	329,853	283,869	259,161
2. Net Bad Debt Expense (① - ② ± ③)	44,751	17,833	53,433
① Bad Debt Expense (Write-off)	45,545	20,393	55,592
② Bad Debt Recovered	794	2,560	2,159
③ Others	-	-	-
3. Bad debts expense	16,887	63,817	78,141
4. Allowance for bad debts (Ending balance)	301,989	329,853	283,869

※ Based on consolidated financial statements.

A. The guideline for Bad Debts Allowances

(1) Calculation of Bad Debts Allowances

- Bad Debts are calculated based on write-off experiences and future expected bad debts.

(2) Calculation method for write-off experience rate:

- Experience rate of write-off: the actual write-off rate for the average receivables balance of previous 3 years
- Future expected bad debts: Cases of debtor bankruptcy, compulsory execution, death, disappearance are reflected in the bad debt allowance, ranging from 1% ~ 100% of the balance of trade-other receivable

[Bad Debt Allowance]

Situation	Rate of allowance
Dispute or Conflict	25%
Receivable through utilization of third party collection agency	50%
Receivable under litigation	75%
Customer filed or in the process of filing bankruptcy	100%

(3) Instruction: Write-off is recorded when trade receivables contain the following characteristics:

- Objective proof of bad debts, such as bankruptcy, compulsory execution, discontinuance of business, debtor's death or disappearance
- Legal action has failed or the right of collection is extinguished.
- When the collection agency gives as notice that collection is not possible.
- When the collateral is sold or insurance is received.
- The collection expenses exceed the amount of receivables.

B. The outstanding period of trade receivables

(Unit : KRW million)

	Less than 6 months	6 months ~ 1 year	1 year ~ 3 years	More than 3 years	Total
Amount	24,720,219	17,714	14,484	9,627	24,762,044
Ratio	99.8%	0.1%	0.1%	0.0%	100.0%

* Receivables amount on net present value (consolidated)

2. Inventory

- The inventory status by division over the last three years is as follows:

(Unit: KRW million)

Division		Category	June 30, 2014	2013	2012	Note
CE		Finished Goods	1,919,061	1,927,784	1,868,910	
		Work In Process	81,926	73,876	72,375	
		Raw Material	1,595,265	1,435,023	1,468,295	
		Material In Transit	1,822,766	1,689,040	1,634,797	
		Total	5,419,018	5,125,723	5,044,377	
IM		Finished Goods	2,429,449	2,896,647	3,113,848	
		Work In Process	304,211	333,109	305,543	
		Raw Material	2,908,036	3,363,195	2,736,050	
		Material In Transit	890,652	1,026,147	895,088	
		Total	6,532,348	7,619,098	7,050,529	
DS	Semi-Conductor	Finished Goods	914,185	1,219,189	1,317,615	
		Work In Process	3,319,414	3,022,125	2,461,713	
		Raw Material	358,642	351,646	486,166	
		Material In Transit	86,428	89,670	83,312	
		Total	4,678,669	4,682,630	4,348,806	
	DP	Finished Goods	446,717	553,108	460,600	
		Work In Process	541,881	443,611	259,324	
		Raw Material	265,229	328,955	239,414	
		Material In Transit	44,943	4,988	63,721	
		Total	1,298,770	1,330,662	1,023,059	
	DS Total	Finished Goods	1,385,603	1,810,852	1,797,309	
		Work In Process	4,047,846	3,663,346	2,852,724	
		Raw Material	668,717	726,455	775,434	
		Material In Transit	135,441	98,897	150,237	
		Total	6,237,607	6,299,550	5,575,704	
Total	Finished Goods	6,491,898	7,429,350	6,837,250		
	Work In Process	4,433,916	4,070,266	3,230,576		
	Raw Material	6,359,492	6,809,112	5,081,396		
	Material In Transit	990,758	826,140	2,598,191		
	Total	18,276,064	19,134,868	17,747,413		
Inventory Ratio (%)- Total Assets [Inventory ÷ Total Assets]			8.1%	8.9%	9.8%	
Inventory Turn-over [Yearly CGS ÷ {(Beginning of Inventory End of Inventory)+2}]			6.8	7.5	7.6	

A. Inventory Counts

(1) Inspection Date

- End of May and November (twice a year)
- Performed check of the existence of inventories included in an accounting books and records on the inspection date

(2) Inspection Method

- Internal warehouse: Closed & Total Inspection

※ Sample check in semiconductor and DP inventory, SVC materials

- Outside warehouse

Performed check of the possession confirmation documents and sample tests at third party warehouse and Inventory in transit

- External auditors join and observe the inspection and carry out sample test to check the existence and completeness.

B. Inventory Aging and Valuation

Inventories are stated at the lower of cost or net realizable value. Inventory as at June 30, 2014 is as follows:

(Unit : KRW million)

Category	Acquisition Cost	Inventory Valuation Reserve	Balance	Note
Finished Goods	6,684,086	192,188	6,491,898	
Work In Process	4,708,513	274,597	4,433,916	
Raw Material	6,561,213	201,721	6,359,492	
Material In Transit	990,758	-	990,758	
Total	18,944,570	668,506	18,276,064	

※ Prepared on a consolidated basis

XI. Summary of Significant Accounting Policies

1. Basis of Presentation

The interim consolidated financial statements for the six months ended June 30, 2014, have been prepared in accordance with K-IFRS 1034, *Interim Financial Reporting*. These interim consolidated financial statements have been prepared in accordance with the K-IFRS standards and interpretations effective or early adopted at the reporting date.

The Company applied the following amended and enacted standards for the annual period beginning on January 1, 2014:

K-IFRS 1032, 'Financial Instruments: Presentation'

The standard provides that the right to offset must not be contingent on a future event and must be legally enforceable in all of circumstances; and if an entity can settle amounts in a manner such that outcome is, in effect, equivalent to net settlement, the entity will meet the net settlement criterion. The adoption of this standard did not have a material impact on the consolidated financial statements.

K-IFRIC Interpretations 2121, 'Levies'

The interpretation requires that the liability to pay a levy is recognized when the activity that triggers the payment of the levy occurs, as identified by the legislation (the obligating event). The adoption of this interpretation did not have a material impact on the consolidated financial statements.

2. Consolidation

The Company prepares interim consolidated financial statements in accordance with K-IFRS 1110, *'Consolidated Financial Statements'*

A. Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has control. The Company controls the corresponding investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of a subsidiary begins from the date the Company obtains control of a subsidiary and ceases when the Company loses control of the subsidiary.

The Company applies the acquisition method to account for business combinations. The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The Company recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis in the event of liquidation at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Goodwill is recognized as the excess of (1) the aggregate of i) the consideration transferred, ii) the amount of any non-controlling interest in the acquiree and iii) the acquisition-date fair value of the Company's previously held equity interest in the acquiree over (2) the net identifiable assets acquired. If the aggregate amount in (1) is less than the fair value of the acquiree's net assets in (2), the difference is recognized in profit or loss.

Balances of receivables and payables, income and expenses and unrealized gains on transactions between the Company subsidiaries are eliminated. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Company.

B. Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

C. Disposal of subsidiaries

If the Company loses control of a subsidiary, any investment continuously retained in the subsidiary is re-measured at its fair value at the date when control is lost and any resulting differences are recognized in profit or loss. Such fair value becomes the initial carrying amount for the subsequent measurement of the retained interest accounted for as an associate, joint venture, or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of such entity are accounted for as if the Company had directly disposed of the related assets or liabilities.

D. Non-controlling interests

Each component of profit or loss and other comprehensive income is attributed to owners of the parent and to non-controlling interests. Total comprehensive income is attributed to owners of the parent and to non-controlling interests even if this results in a negative balance of non-controlling interests

E. Associates

Associates are all entities over which the Company has significant influence, generally investees of which from 20% to 50% of voting stock is owned by the Company. Investments in associates are initially recognized at acquisition cost using the equity method. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. If there is any objective evidence that the investment in the associate is impaired, the Company recognizes the difference between the recoverable amount of the associate and its book value as impairment loss.

F. Joint arrangements

A joint arrangement of which two or more parties have joint control is classified as either a joint operation or a joint venture. A joint operator has rights to the assets, and obligations for the liabilities, relating to the joint operation and recognizes the assets, liabilities, revenues and expenses relating to its interest in a joint operation. A joint venturer has rights to the net assets relating to the joint venture and accounts for that investment using the equity method.

3. Foreign Currency Translation

A. Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The consolidated financial statements are presented in Korean won, which is the parent company's functional and presentation currency.

B. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Exchange differences arising on non-monetary financial assets and liabilities such as equity instruments at fair value through profit or loss and available-for-sale equity instruments are recognized in profit or loss and included in other comprehensive income, respectively, as part of the fair value gain or loss.

C. Translation into the presentation currency

The results and financial position of all the foreign entities that have a functional currency different from the presentation currency of the Company are translated into the presentation currency as follows:

Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting date.

Income and expenses for each statement of income are translated at average exchange rates, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions.

All resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recognized in other comprehensive income. When a foreign operation is partially disposed of or sold, the exchange differences that were recorded in equity are reclassified as part of gains and losses on disposition in the statement of income. When the Company loses control over foreign subsidiaries, the exchange differences that were recorded in equity are reclassified into profit or loss when such gain or loss on disposition is recognized.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments are treated as the foreign operation's assets and liabilities. Such goodwill is expressed in the foreign operation's functional currency and is translated at the closing rate. Exchange differences are recognized in other comprehensive income.

4. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

5. Financial Assets

A. Classification

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets, and held-to-maturity financial assets. The classification depends on the terms of the instruments and purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(1) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives not subject to hedge accounting and derivatives separated from financial instruments such as embedded derivatives are also categorized as held for trading. Assets in this category are classified as current assets.

(2) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

(3) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless an investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

B. Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date. At initial recognition, financial assets are measured at fair value plus, in the case of financial assets not carried at fair value through profit or loss, transaction costs. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of income. After the initial recognition, available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are subsequently carried at amortized cost using the effective interest method.

Changes in fair value of financial assets at fair value through profit or loss are recognized in profit or loss and changes in fair value of available-for-sale financial assets are recognized in other comprehensive income. When the available-for-sale financial assets are sold or impaired, the fair value adjustments recorded in equity are reclassified into profit or loss.

Interest on available-for-sale financial assets and held-to-maturity financial assets calculated using the effective interest method is recognized in the statement of income as part of finance income. Dividends on available-for-sale financial assets are recognized in the statement of income as part of other non-operating income when the Company's right to receive payments is established.

C. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

D. De-recognition of financial assets

If the Company transfers a financial asset and the transfer does not result in derecognition because the Company has retained substantially of all the risks and rewards of ownership of the transferred asset due to a recourse in the event the debtor defaults, the Company continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The related financial liability is classified as 'borrowings' in the statement of financial position.

6. Impairment of Financial Assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment loss is recognized only if there is objective evidence and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Impairment of loans and receivables is presented as a deduction in an allowance account. Impairment of other financial assets is directly deducted from their carrying amount. The Company writes off financial assets when the assets are determined to be no longer recoverable.

The objective evidence that a financial asset is impaired includes significant financial difficulty of the issuer or obligor; a delinquency in interest or principal payments; or the disappearance of an active market for that financial asset because of financial difficulties. A decline in the fair value of an available-for-sale equity instrument by more than 20% from its cost or a prolonged decline below its cost for more than six months is also objective evidence of impairment.

7. Trade Receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the Company if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

8. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the average cost method, except for materials in transit. The cost of finished goods and work in progress comprises design costs, raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes costs of idle plant and abnormal waste. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Inventories are reduced for the estimated losses arising from excess, obsolescence, and decline in value. This reduction is determined by estimating market value based on future customer demand. The losses on inventory obsolescence are recorded as a part of cost of sales.

9. Disposal Group Held-for-Sale

Non-current assets (or disposal group) are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The assets are measured at the lower amount between their carrying amount and the fair value less costs to sell.

10. Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognized and repairs and maintenance expenses are recognized in profit or loss in the period they are incurred.

Depreciation on tangible assets is calculated using the straight-line method to allocate the difference between their cost and their residual values over their estimated useful lives. Land is not depreciated. Costs that are directly attributable to the acquisition, construction or production of a qualifying asset, including capitalized interest costs, form part of the cost of that asset and are amortized over the estimated useful lives.

The Company's policy is that property, plant and equipment should be depreciated over the following estimated useful lives:

	<u>Estimated useful lives</u>
Buildings and structures	15, 30 years
Machinery and equipment	5 years
Other	5 years

The depreciation method, residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within the statement of income as part of other non-operating income and expenses.

11. Intangible Assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary, associates, joint ventures and businesses at the date of acquisition. Goodwill on acquisitions of subsidiaries and businesses is included in intangible assets and goodwill on acquisition of associates and joint ventures are included in the investments in associates and joint ventures.

Intangible assets, except for goodwill, are initially recognized at their historical cost and carried at cost less accumulated amortization and accumulated impairment losses.

Internally generated development costs are the aggregate costs recognized after meeting the asset recognition criteria, including technical feasibility, and determined to have future economic benefits. Membership rights are regarded as intangible assets with indefinite useful life and not amortized because there is no foreseeable limit to the period over which the assets are expected to be utilized. Intangible assets with definite useful life such as trademarks and licenses are amortized using the straight-line method over their estimated useful lives.

The Company's policy is that intangible assets should be amortized over the following estimated useful lives:

	<u>Estimated useful lives</u>
Development costs	2 years
Trademarks, licenses and other intangible assets	5 - 10 years

12. Impairment of Non-Financial Assets

Goodwill or intangible assets with indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

13. Financial Liabilities

A. Classification and measurement

Financial liabilities at fair value through profit or loss are financial instruments held for trading. Financial liabilities are classified in this category if incurred principally for the purpose of repurchasing them in the near term. Derivatives that are not designated as hedges or bifurcated from financial instruments containing embedded derivatives are also categorized as held-for-trading.

The Company classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and presented as 'trade payables', 'borrowings', and 'other financial liabilities' in the statement of financial position.

B. De-recognition

Financial liabilities are removed from the statement of financial position when it is extinguished, for example, when the obligation specified in the contract is discharged, cancelled or expired or when the terms of an existing financial liability are substantially modified.

14. Trade Payables

Trade payables are amounts due to suppliers for merchandise purchased or services received in the ordinary course of business. If payment is expected in one year or less (or in the normal operating cycle of the Company if longer), they are classified as current liabilities. If not, they are presented as non-current liabilities. Non-current trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

15. Borrowings

Borrowings are recognized initially at fair value, net of transaction costs and are subsequently measured at amortized cost. Any difference between cost and the redemption value is recognized in the statement of income over the period of the borrowings using the effective interest method. If the Company has an indefinite right to defer payment for a period longer than 12 months after the end of the reporting date, such liabilities are recorded as non-current liabilities, otherwise, they are recorded as current liabilities.

16. Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

When it is probable that an outflow of economic benefits will occur due to a present obligation resulting from a past event, and the amount is reasonably estimable, a corresponding provision is recognized in the financial statements. However, when such outflow is dependent upon a future event, that is not certain to occur, or cannot be reliably estimated, a disclosure regarding the contingent liability is made in the notes to the financial statements.

17. Net Defined Benefit Liabilities

The Company has a variety of retirement pension plans including defined benefit or defined contribution plans. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans, the Company pays contributions to annuity plans that are managed either publicly or privately on a mandatory, contractual or voluntary basis. The Company has no further future payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the statement of financial position in respect to defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses resulting from the changes in actuarial assumptions, and the differences between the previous actuarial assumptions and what has actually occurred, are recognized in other comprehensive income in the period in which they were incurred. Past service costs are immediately recognized in profit or loss.

18. Financial Guarantee Contract

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due. Financial guarantees are initially recognized in the financial statements at fair value on the date the guarantee was given. If the amount measured in subsequent periods exceeds the unamortized balance of the amount initially recognized, the excess is classified as other financial liability.

19. Current and Deferred Tax

The tax expense for the period comprises current and deferred tax. Tax is recognized on the profit for the period in the statement of income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the tax is also recognized in other comprehensive income or directly in equity, respectively. The tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts as expected tax consequences at the recovery or settlement of the carrying amounts of the assets and liabilities. However, deferred tax assets and liabilities are not recognized if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

A deferred tax liability is recognized for taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, except to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, a deferred tax asset is recognized for deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

20. Derivative Instruments

All derivative instruments are accounted for at fair value with the resulting valuation gain or loss recorded as an asset or liability. If the derivative instrument is not designated as a hedging instrument, the gain or loss is recognized in the statement of income in the period of change.

Fair value hedge accounting is applied to a derivative instrument with the purpose of hedging the exposure to changes in the fair value of an asset or a liability or a firm commitment (hedged item) that is attributable to a particular risk. Hedge accounting is applied when the derivative instrument is designated as a hedging instrument and the hedge accounting criteria have been met.

21. Dividend Distribution

Dividend distribution to the Company's shareholders is recognized when the dividends are approved.

22. Share Capital

Common shares and preferred shares with no repayment obligations are classified as equity. When the Company purchases its common shares, the acquisition costs including direct transaction costs are deducted from equity until the redemption or reissuance of treasury shares. Consideration received on the subsequent sale or issue of treasury shares is credited to equity.

23. Revenue Recognition

Revenue mainly comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, sales incentives and discounts and after eliminating intercompany transactions.

The Company recognizes revenue when specific recognition criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Where multiple-element arrangements exist, the fair values of each element are determined based on the current market price of each of the elements when sold separately. When the fair values of each element are indeterminable, the fair values of deliverables which have already been provided are calculated in such way that the fair values of elements, which are yet to be provided, are subtracted from total contract value of the arrangement.

A. Sales of goods

Sales of products and merchandise are recognized upon delivery when the significant risks and rewards of ownership of goods have transferred to the buyer, continuing managerial involvement usually associated with ownership and effective control have ceased, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. The Company records reductions to revenue for special pricing arrangements, price protection and other volume based discounts. If product sales are subject to customer acceptance, revenue is not recognized until customer acceptance occurs.

B. Sales of services

Revenues from rendering services are generally recognized using the percentage-of-completion method, based on the percentage of costs to date compared to the total estimated costs, contractual milestones or performance.

C. Other sources of revenue

Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Royalty income is recognized on an accruals basis in accordance with the substance of the relevant agreements. Dividend income is recognized when the right to receive payment is established.

24. Government Grants

Government grants are recognized at their fair values when there is reasonable assurance that the grant will be received and the Group will comply with the conditions attaching to it. Government grants related to assets are presented by deducting the grants in arriving at the carrying amount of the assets, and grants related to income are deferred and presented by deducting the related expenses for the purpose of the government grants.

25. Earnings per Share

Basic earnings per share is calculated by dividing net profit for the period available to common shareholders by the weighted-average number of common shares outstanding during the year. Diluted earnings per share is calculated using the weighted-average number of common shares outstanding adjusted to include the potentially dilutive effect of common equivalent shares outstanding.

26. Reportable Segments

Reportable segments are disclosed in the manner reported to the chief operating decision-maker (please see footnote 33). The chief operating decision-maker is responsible for making strategic decisions on resource allocation and performance assessment of the reportable segments. The management committee which makes strategic decisions is regarded as the chief operating decision-maker.

27. Approval of the Consolidated Financial Statements

These consolidated financial statements were approved by the Board of Directors on July 31st, 2014.

28. Convenience Translation into United States Dollar Amounts

The Company operates primarily in Korean won and its official accounting records are maintained in Korean won. The US dollar amounts provided in the financial statements represent supplementary information solely for the convenience of the reader. All Korean won amounts are expressed in US dollars at the rate of KRW 1,014.40 to US \$1, the exchange rate in effect on June 30, 2014. Such presentation is not in accordance with generally accepted accounting principles, and should not be construed as a representation that the Korean won amounts shown could be readily converted, realized or settled in US dollars at this or at any other rate.

[Critical Accounting Estimates and Assumptions]

The Company makes estimates and assumptions concerning the future. The estimates and assumptions are continuously assessed, considering historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(1) Revenue recognition

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts to deliver installation services. Use of the percentage-of-completion method requires the Company to estimate the services performed to date as a proportion of the total services to be performed. Revenues and earnings are subject to significant change, effected by early steps in a long-term projects, change in scope of a project, cost, period, and plans of the customers.

(2) Provision for warranty

The Company recognizes provision for warranty on products sold. The Company accrues provision for warranty based on the best estimate of amounts necessary to settle future and existing claims. The amounts are estimated based on historical data.

(3) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using a variety of methods and assumptions that are mainly based on market conditions existing at the end of each reporting period.

(4) Net defined benefit liabilities

The net defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of the net defined benefit liability. The Company, in consideration of the interest rates of high-quality corporate bonds, determines the appropriate discount rate at the end of each year. This is the interest rate that is used to determine the present value of estimated future cash outflows expected to be required to settle the net defined benefit liability.

The principal actuarial assumptions associated with the net defined benefit liability are based on the current market expectations.

(5) Estimated impairment of goodwill

The Company tests at the end of each reporting period whether goodwill has suffered any impairment in accordance with the accounting policy described in Note 2.12. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations are based on estimates.

(6) Income taxes

Income taxes on the Company's taxable income from operating activities are subject to various tax laws and determinations of each tax authority across various countries in the world. There is uncertainty in determining the eventual tax effects on the taxable income from operating activities. The Company has recognized current tax and deferred tax at the end of the fiscal year based on the best estimation of future taxes payable as a result of operating activities. However, the resulting deferred income tax assets and liabilities may not equal the actual future taxes payable and such difference may impact the current tax and deferred income tax assets and liabilities upon the determination of eventual tax effects.

[Translation to International Financial Reporting Standards as adopted by the Republic of Korea from Generally Accepted Accounting Principle in the Republic of Korea]

The Company adopted Korean IFRS from the fiscal year 2010 (the date of first-time adoption to Korean IFRS: January 1, 2010). The comparison year, 2009, is restated in accordance with Korean IFRS 1101, First-time adoption of international financial reporting standards (the date of transition to Korean IFRS: January 1, 2009).

(1) Significant differences in accounting policies

Significant differences between the accounting policies chosen by the Company under Korean IFRS and under previous Korean GAAP are as follows:

(A) First time adoption of Korean IFRS

- a) Business combination: Past business combinations that occurred before the date of transition to Korean IFRS will not be retrospectively restated under Korean IFRS 1103, Business combinations.
- b) Fair value as deemed cost: The Company elects to measure certain land assets at fair value at the date of transition to Korean IFRS and use the fair value as its deemed cost. Valuations were made on the basis of recent market transactions on the arm's length terms by independent values.
- c) Cumulative translation differences: All cumulative translation gains and losses arising from foreign subsidiaries and associates as of the date of transition to Korean IFRS are reset to zero.
- d) Employee benefits: The Company elected to use the 'corridor' approach for actuarial gains and losses and all cumulative actuarial gains and losses have been recognized at the date of transition to Korean IFRS.

(B) Employee benefits

Employees and directors with at least one year of service are entitled to receive a lump-sum payment upon termination of their employment with SEC, its Korean subsidiaries and certain foreign subsidiaries, based on their length of service and rate of pay at the time of termination. Under the previous severance policy pursuant to Korean GAAP, Accrued severance benefits represented the amount which would be payable assuming all eligible employees and directors were to terminate their employment as of the end of the reporting period. However, under Korean IFRS, the liability is determined based on the present value of expected future payments calculated and reported using actuarial assumptions.

(C) Capitalization of development costs

Under Korean GAAP the Company recorded expenditures related to research and development activities as current expense. Under Korean IFRS if such costs related to development activities meet certain criteria they are recorded as intangible assets.

(D) Goodwill or bargain purchase arising from business combinations

Under Korean GAAP, the Company amortizes goodwill or recognizes a gain in relation to bargain purchase (negative goodwill¹) acquired as a result of business combinations on a straight-line method over five years from the year of acquisition. Under Korean IFRS, goodwill is not amortized but reviewed for impairment annually. Bargain purchase is recognized immediately in the statement of income. The impact of this adjustment is included within "other" adjustment in the tables below.

1 Negative goodwill under Korean GAAP is referred to as bargain purchase under Korean IFRS

(E) Derecognition of financial assets

Under Korean GAAP, when the Company transferred a financial asset to financial institutions and it was determined that control over the asset has been transferred the Company derecognized the financial asset. Under Korean IFRS, if the Company retains substantially all the risks and rewards of ownership of the asset, the asset is not derecognized but instead the related cash proceeds are recognized as financial liabilities.

(F) Deferred Tax

Under Korean GAAP, deferred tax assets and liabilities were classified as either current or non-current based on the classification of their underlying assets and liabilities. If there are no corresponding assets or liabilities, deferred tax assets and liabilities were classified based on the periods the temporary differences were expected to reverse. Under Korean IFRS, deferred tax assets and liabilities are all classified as non-current on the statement of financial position. In addition, there is a difference between Korean IFRS and Korean GAAP in terms of recognition of deferred tax assets or liabilities relating to investments in subsidiaries. Under Korean GAAP there is specific criteria as to when deferred tax assets and liabilities relating to investments in subsidiaries should be recognized, whereas under Korean IFRS, the related deferred tax assets or liabilities are recognized according to sources of reversal of the temporary differences.

(2) Changes in scope of consolidation

At the date of transition, changes in the scope of consolidation as a result of adoption of Korean IFRS are as follows:

Changes	Description	Name of Entity
Newly added	Under the former 'Act on External Audit of Stock companies' in the Republic of Korea, companies whose total assets are less than 10 billion Korean Won were not subject to consideration, but they are subject to consolidation under Korean IFRS.	World Cyber Games, Samsung Electronics Football Club, SEMES America, Samsung Electronics Ukraine, Samsung Electronics Romania, Samsung Electronics Kazakhstan, Samsung Electronics Czech and Slovak s.r.o. Samsung Electronics Levant, Samsung Electronics European Holding, Batino Realty Corporation, Samsung Telecommunications Malaysia, Samsung Electronics Shenzhen, Samsung Electronics China R&D Center, Samsung Electronics Limited, Samsung Electronics Poland Manufacturing, Samsung Telecoms(UK)
Newly added	Under Korean GAAP, a union is not regarded as a legal entity and excluded from scope of consolidation. However, it is subject to consolidation under Korean IFRS	Samsung Venture Capital Union #6, #7 and #14
Excluded	Under Korean GAAP, entities where the Company owns more than 30% of shares and is the largest shareholder with the largest voting rights were included in scope of consolidation. Under Korean IFRS, such entities are not subject to consolidation unless control over the entity is established.	Samsung Card

(3) The effects of the adoption of Korean IFRS on financial position, Comprehensive income and cash flows of the Company

(A) Adjustments to the statement of financial position as of the date of transition, January 1, 2009.

<i>(Unit: KRW million)</i>	Assets	Liabilities	Equity
Korean GAAP	105,300,650	42,376,696	62,923,954
Adjustments:			
Change in scope of consolidation	(12,972,168)	(10,649,400)	(2,322,768)
Fair valuation of land(*)	3,816,293	927,141	2,889,152
Derecognition of financial asset	1,807,675	1,807,675	-
Capitalization of development costs	200,478	-	200,478
Pension and compensated absence	-	186,978	(186,978)
Deferred tax on investments in equity and reclassification to non-current	(1,434,287)	(1,332,886)	(101,401)
Effect of the adoption of IFRS for jointly controlled entities and associates	155,163	-	155,163
Other	(95,064)	-	(95,064)
Tax-effect on adjustments	(141)	2,010	(2,151)
Total	(8,522,051)	(9,058,482)	536,431
Korean IFRS	96,778,599	33,318,214	63,460,385

(*) The adjustment includes the effect of deferred tax

(B) The effect of the adoption of Korean IFRS on financial position and comprehensive income of the Company as of and for the year ended December 31, 2009.

<i>(Unit: KRW million)</i>	Assets	Liabilities	Equity	Comprehensive income
Korean GAAP	118,281,488	45,227,196	73,054,292	9,700,671
Adjustments:				
Change in scope of consolidation	(10,120,256)	(7,372,830)	(2,747,426)	(489,504)
Fair valuation of land(*)	3,804,404	924,525	2,879,879	(9,273)
Derecognition of financial asset	754,969	754,969	-	-
Capitalization of development costs	214,451	-	214,451	13,973
Pension and compensated absence	-	153,357	(153,357)	33,621
Deferred tax on investments in equity and reclassification to non-current	(874,056)	(564,016)	(310,040)	(200,099)
Effect of the adoption of IFRS for jointly controlled entities and associates	266,742	-	266,742	111,579
Other	(143,058)	-	(143,058)	(47,994)
Tax-effect on adjustments	(4,895)	11,386	(16,281)	(14,130)
Total	(6,101,699)	(6,092,609)	(9,090)	(601,827)
Korean IFRS	112,179,789	39,134,587	73,045,202	9,098,844

(*) The adjustment includes the effect of deferred tax

(C) Adjustments to the statement of cash flows for the year ended December 31, 2009

According to Korean IFRS 1007, Cash Flow Statements, cash flows from interest, dividends received and taxes on income shall each be disclosed separately. The comparison year, 2009, is restated in accordance with Korean IFRS. There are no other significant differences between cash flows under Korean IFRS and those under previous Korean GAAP for the year ended December 31, 2009.

XII. Supplementary Information

1. Fair Value Evaluation Procedures

A. Financial Assets

(1) Classification

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets, and held-to-maturity financial assets. The classification depends on the terms of the instruments and purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(A) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives not subject to hedge accounting and derivatives separated from financial instruments such as embedded derivatives are also categorized as held for trading. Assets in this category are classified as current assets.

(B) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

(C) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless an investment matures or management intends to dispose of it within 12 months of the end of the reporting period

B. Financial Liabilities

(1) Classification and measurement

Financial liabilities at fair value through profit or loss are financial instruments held for trading. Financial liabilities are classified in this category if incurred principally for the purpose of repurchasing them in the near term. Derivatives that are not designated as hedges or bifurcated from financial instruments containing embedded derivatives are also categorized as held-for-trading.

The Company classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and presented as 'trade payables', 'borrowings', and 'other financial liabilities' in the statement of financial position.

(2) Derecognition

Financial liabilities are removed from the statement of financial position when it is extinguished, for example, when the obligation specified in the contract is discharged, cancelled or expired or when the terms of an existing financial liability are substantially modified.

C. Derivative Instruments

All derivative instruments are accounted for at fair value with the resulting valuation gain or loss recorded as an asset or liability. If the derivative instrument is not designated as a hedging instrument, the gain or loss is recognized in the statement of income in the period of change.

Fair value hedge accounting is applied to a derivative instrument with the purpose of hedging the exposure to changes in the fair value of an asset or a liability or a firm commitment (hedged item) that is attributable to a particular risk. Hedge accounting is applied when the derivative instrument is designated as a hedging instrument and the hedge accounting criteria have been met.

D. Fair value estimation

(1) Carrying amounts and fair values of financial instruments by category as of June 30, 2014 and December 31, 2013 are as follows:

(Unit: KRW million)	June 30, 2014		December 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	16,057,574	(* ¹)	16,284,780	(* ¹)
Short-term financial instruments	41,692,883	(* ¹)	36,722,702	(* ¹)
Short-term available-for-sale financial assets	2,912,533	(* ¹)	1,488,527	(* ¹)
Trade and other receivables	24,432,856	(* ¹)	24,988,532	(* ¹)
Long-term available-for-sale financial assets ²	10,644,223	10,231,338	6,238,380	5,850,155
Other	6,702,087	6,668,886	5,472,956	5,436,470
Total Financial assets	102,442,156		91,195,877	
Financial liabilities				
Trade and other payables	15,038,007	(* ¹)	16,314,720	(* ¹)
Short-term borrowings	9,325,033	(* ¹)	6,438,517	(* ¹)
Debentures	1,269,911	1,288,791	1,311,068	1,327,569
Long-term borrowings	2,214,013	2,123,744	985,117	971,844
Long-term other payables	2,538,918	2,623,387	1,023,714	1,090,580
Other	8,941,638	(* ¹)	13,288,343	(* ¹)
Total financial liabilities	39,327,520		39,361,479	

¹ Assets and liabilities whose carrying amount is a reasonable approximation of fair value are excluded from the fair value disclosures.

² Amount measured at cost (June 30, 2014: KRW 412,885 million; December 31, 2013: KRW 388,225 million) is excluded as the range of reasonable fair value estimate is significant and the probabilities of the various estimates cannot be reasonably assessed.

(2) The following table presents the assets and liabilities, by level, that are measured at fair value:

<i>(Unit: KRW million)</i>	As of June 30, 2014			
	Level 1	Level 2	Level 3	Total balance
Derivatives	-	46,608	2,588	49,196
Available-for-sale financial assets ¹	5,418,767	4,586,312	3,138,792	13,143,871
Total assets	5,418,767	4,632,920	3,141,380	13,193,067
Derivatives	-	266,700	-	266,700
Total liabilities	-	266,700	-	266,700

<i>(Unit: KRW million)</i>	December 31, 2013			
	Level 1	Level 2	Level 3	Total balance
Derivatives	-	40,552	-	40,552
Available-for-sale financial assets ¹	5,656,806	1,188,498	493,378	7,338,682
Total assets	5,656,806	1,229,050	493,378	7,379,234
Derivatives	-	244,172	-	244,172
Total liabilities	-	244,172	-	244,172

¹ Amount measured at cost (June 30, 2014: KRW 412,885 million, December 31, 2013: KRW 388,225 million) is excluded as the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed.

The levels of the fair value hierarchy and its application to financial assets and liabilities are described below.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Fair valuation based on inputs that are observable in market
(Other than quoted prices included within level 1)
- Level 3: Fair valuation based on inputs that are unobservable in market

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 are listed equity investments classified as trading securities or available-for-sale financial assets.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation methods. These valuation methods maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The Company performs the fair value measurements required for financial reporting purposes, including level 3 fair values and discusses valuation processes and results at least once every quarter in line with the Company's quarterly

reporting dates. The Company's policy is to recognize transfers between levels at the end of the reporting period, if corresponding events or changes in circumstances have occurred.

Specific valuation methods used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date, with the resulting value discounted to present value.

Other methods, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments. For trade and other receivables, the book value approximates a reasonable estimate of fair value.

(3) Valuation methods and the inputs

The Company utilizes a present value method to discount future cash flows at a proper interest rate for corporate bonds, government and public bonds, and bank debentures that are classified as Level 2 in the fair value hierarchy.

The following table presents the valuation method and inputs used for major financial instruments classified as Level 3.

(Unit: KRW million)

Classification	Fair Value	Valuation Method	Level 3 Inputs	Input Range (Weighted Average)
Long-term available-for-sale financial assets				
Samsung Petrochemical	80,347	Discounted cash flow	Permanent growth rate Weighted average cost of capital	-1.00% ~ 1.00% (0%) 6.37% ~ 8.37% (7.37%)
Samsung General Chemicals	80,653	Discounted cash flow	Permanent growth rate Weighted average cost of capital	-1.00% ~ 1.00% (0%) 7.01% ~ 9.01% (8.01%)
Taewon Electric	17,072	Discounted cash flow	Permanent growth rate Weighted average cost of capital	-1.00% ~ 1.00% (0%) 6.06% ~ 8.06% (7.06%)
Pantech	53,053	Discounted cash flow	Permanent growth rate Weighted average cost of capital	-1.00% ~ 1.00% (0%) 8.81% ~ 10.81% (9.81%)
Samsung Venture Investment	7,021	Discounted cash flow	Permanent growth rate Weighted average cost of capital	-1.00% ~ 1.00% (0%) 7.69% ~ 9.69% (8.69%)
Coming Incorporated convertible preferred stock	2,673,583	Trinomial model	Risk adjusted discount rate Price volatility	5.57% ~ 7.57% (6.57%) 31.60% ~ 37.60% (34.60%)
Derivatives				
Embedded derivatives (convertible bonds)	2,588	Binomial model	Discount rate Stock price volatility	6.09% ~ 11.70% (8.58%) 11.90% ~ 16.61% (13.88%)

(4) Changes in Level 3 instruments:

<i>(Unit: KRW million)</i>	2014	2013
Balance as of January 1	493,378	389,195
Purchases	2,473,965	106,964
Disposals	(9,934)	(585)
Amount recognized in profit or loss	(10,652)	-
Amount recognized in other comprehensive income	240,041	(4,387)
Other	(45,418)	457
Balance as of June 30	3,141,380	491,644

(5) Sensitivity analysis for recurring fair value measurements categorized within Level 3

A sensitivity analysis of financial instruments is performed to measure favorable and unfavorable changes in the fair value of financial instruments which are affected by the unobservable parameters, using a statistical technique. When the fair value is affected by more than two input parameters, the amounts represent the most favorable or most unfavorable.

The results of the sensitivity analysis for the effect on profit or loss (before-tax amount for other comprehensive income or loss) from changes in inputs for major financial instruments which are categorized within Level 3 and subject to sensitivity analysis are as follows:

<i>(Unit: KRW million)</i>	Favorable Changes		Unfavorable Changes	
	Profit or Loss	Equity	Profit or Loss	Equity
Long-term available for sale financial assets ¹	-	226,812	-	(214,063)
Embedded derivatives (convertible bonds) ²	579	579	(494)	(494)
Total	579	227,391	(494)	(214,557)

¹ Changes in fair value are calculated by increasing or decreasing the correlation between volatility (31.60 to 37.60%) and discount rate for convertible preferred stock. Similarly, for other equity securities, changes in fair value are calculated with the correlation between growth ratio (-1% to 1%) and discount rate, which are significant unobservable inputs.

² For equity derivatives, changes in their fair value are calculated by increasing or decreasing the correlation between stock prices and volatility by 10%.

E. Tangible Assets

No valuations were performed on tangible assets during the reporting period.