

## Samsung Electronics Co., Ltd. and Subsidiaries

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 1. General Information

##### 1.1 Company Overview

Samsung Electronics Co., Ltd. (“SEC”) was incorporated under the laws of the Republic of Korea in 1969 and listed its shares on the Korea Stock Exchange in 1975.

SEC and its subsidiaries (collectively referred to as the “Company”) operate three business divisions: Consumer Electronics (“CE”), Information technology & Mobile communications (“IM”), and Device Solution (“DS”). The CE division includes digital TVs, monitors, printers, air conditioners and refrigerators and the IM division includes mobile phones, communication system, and computers. The DS division includes products such as memory and system LSI in the semiconductor business (“Semiconductor”), and LCD and OLED panels in the display business (“DP”). The Company is domiciled in the Republic of Korea and the address of its registered office is Suwon, the Republic of Korea.

These interim consolidated financial statements have been prepared in accordance with Korean International Financial Reporting Standards (“K-IFRS”) 1110, *Consolidated Financial Statements*. SEC, as the controlling Company, consolidates its 150 subsidiaries including Samsung Display and Samsung Electronics America. The Company also applies the equity method of accounting to its 35 affiliates, including Samsung Electro-Mechanics.

##### 1.2 Consolidated Subsidiaries

(A) The consolidated subsidiaries as of June 30, 2014 are as follows:

Area	Subsidiaries	Industry	Percentage of ownership <sup>1</sup>
Domestic	High Pioneer Private Investment Trust #1	Technology business venture capital investments	100.0
	Samsung Display (SDC)	Manufacture and sale of display panels	84.8
	SU Materials	Manufacture of display panel components	50.0
	STECO	Manufacture of semiconductor components	51.0
	SEMES	Manufacture of semiconductor/FPD	91.5
	Samsung Electronics Service	Repair services for electronic devices	99.3
	Samsung Electronics Sales	Sale of electronic devices	100.0
	Samsung Electronics Logitech	General logistics agency	100.0
	Samsung Medison	Medical equipment	68.5
	Ray	Dental CT	68.1
	Samsung Venture Capital Union #6	Technology business venture capital investments	99.0
	Samsung Venture Capital Union #14	Technology business venture capital investments	99.0
	Samsung Venture Capital Union #20	Technology business venture capital investments	99.0
	Samsung Venture Capital Union #21	Technology business venture capital investments	99.0
	Samsung Venture Capital Union #22	Technology business venture capital investments	99.0
Samsung Venture Capital Union #23	Technology business venture capital investments	99.0	

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Area	Subsidiaries	Industry	Percentage of ownership <sup>1</sup>
America	Samsung Electronics America (SEA)	Sale of electronic devices	100.0
	NexusDX (Nexus)	Medical equipment	100.0
	Samsung Receivables (SRC)	Credit management	100.0
	NeuroLogica	Medical equipment	100.0
	Samsung Semiconductor (SSI)	Sale of semiconductor/display panel	100.0
	Samsung Electronics Canada (SECA)	Sale of electronic devices	100.0
	Samsung Information Systems America (SISA)	R&D	100.0
	Grandis	R&D	100.0
	Samsung Mexicana (SAMEX)	Manufacture of electronic devices	100.0
	Samsung International (SII)	Manufacture of CTV/monitors	100.0
	Samsung Telecommunications America (STA)	Sale of communication equipment	100.0
	Samsung Austin Semiconductor (SAS)	Manufacture of semiconductor	100.0
	Samsung Electronics Mexico (SEM)	Sale of electronic devices	99.9
	SEMES America (SEMESA)	Semiconductor equipment	100.0
	Samsung Electronics Digital Appliance Mexico (SEDAM)	Manufacture of electronic devices	99.9
	Samsung Electronics Latinoamerica Miami (SEMI)	Sale of electronic devices	100.0
	Nvelo	Software	100.0
	Samsung Electronics Latinoamerica (SELA)	Sale of electronic devices	100.0
	Samsung Electronics Venezuela (SEVEN)	Marketing and services	100.0
	Samsung Electronica Colombia (SAMCOL)	Sale of electronic devices	100.0
	Samsung Electronics Panama (SEPA)	Consulting	100.0
	Samsung Electronica da Amazonia (SEDA)	Manufacture and sale of electronic devices	100.0
	Samsung Electronics Argentina (SEASA)	Marketing and services	100.0
	Samsung Electronics Chile (SECH)	Sale of electronic devices	100.0
Samsung Electronics Peru (SEPR)	Sale of electronic devices	100.0	
RT SV CO-INVEST (RT-SV)	Technology business venture capital investments	99.9	
Europe	Samsung Electronics (UK) (SEUK)	Sale of electronic devices	100.0
	Samsung Electronics Holding (SEHG)	Holding Company	100.0
	Samsung Semiconductor Europe GmbH (SSEG)	Sale of semiconductor/display panel	100.0
	Samsung Electronics GmbH (SEG)	Sale of electronic devices	100.0
	Samsung Electronics Iberia (SESA)	Sale of electronic devices	100.0
	Samsung Electronics France (SEF)	Sale of electronic devices	100.0
	Samsung Electronics Hungarian (SEH)	Manufacture and sale of electronic devices	100.0
	Samsung Electronics Czech and Slovak (SECZ)	Sale of electronic devices	100.0
	Samsung Electronics Italia (SEI)	Sale of electronic devices	100.0
	Samsung Electronics Europe Logistics (SELS)	Logistics	100.0
	Samsung Electronics Benelux (SEBN)	Sale of electronic devices	100.0
	Samsung Display Slovakia (SDSK)	Toll processing of display panel	100.0
	Samsung Electronics Romania (SEROM)	Sale of electronic devices	100.0
	Samsung Electronics Overseas (SEO)	Sale of electronic devices	100.0
	Samsung Electronics Polska (SEPOL)	Sale of electronic devices	100.0
	Samsung Electronics Portuguesa (SEP)	Sale of electronic devices	100.0
	Samsung Electronics Nordic (SENA)	Sale of electronic devices	100.0

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Area	Subsidiaries	Industry	Percentage of ownership <sup>1</sup>
	Samsung Semiconductor Europe (SSEL)	Sale of semiconductor/LCD	100.0
	Samsung Electronics Austria (SEAG)	Sale of electronic devices	100.0
	Samsung Electronics Slovakia (SESK)	Manufacture of CTV/monitors	100.0
	Samsung Electronics Europe Holding (SEEH)	Holding Company	100.0
	Samsung Electronics Poland Manufacturing (SEPM)	Manufacture of home appliances	100.0
	Samsung Electronics Greece (SEGR)	Sale of electronic devices	100.0
	Samsung Nanoradio Design Center (SNDC)	R&D	100.0
	Nanoradio Hellas	R&D	100.0
	SonoAce Deutschland (SMDE)	Medical equipment	100.0
	Samsung Medison Europe (SMNL)	Medical equipment	100.0
	Nanogen Recognomics (Nanogen)	Medical equipment	60.0
	Samsung Electronics Rus (SER)	Marketing	100.0
	Samsung Electronics Rus Company (SERC)	Sale of electronic devices	100.0
	Samsung Electronics Ukraine (SEU)	Marketing	100.0
Europe (Cont.)	Samsung Electronics Baltics (SEB)	Sale of electronic devices	100.0
	Samsung Electronics Ukraine Company (SEUC)	Sale of electronic devices	100.0
	Samsung R&D Institute Rus (SRR)	R&D	100.0
	Samsung Electronics Kazakhstan (SEK)	Marketing	100.0
	Samsung Electronics Central Eurasia (SECE)	Sale of electronic devices	100.0
	Samsung Electronics Rus Kaluga (SERK)	Manufacture of CTV	100.0
	Samsung Russia Service Centre (SRSC)	Services	100.0
	Samsung Electronics (London) Limited (SEL)	Holding Company	100.0
	Samsung Denmark Research Center (SDRC)	R&D	100.0
	Samsung France Research Center (SFRC)	R&D	100.0
	Samsung Cambridge Solution Centre (SCSC)	R&D	100.0
	Samsung Electronics Switzerland GmbH (SESG)	Sale of electronic devices	100.0
	Samsung Electronics West Africa (SEWA)	Marketing	100.0
	Samsung Electronics East Africa (SEEA)	Marketing	100.0
	Samsung Gulf Electronics (SGE)	Sale of electronic devices	100.0
	Samsung Electronics Egypt (SEEG)	Manufacture and sale of electronic devices	100.0
	Samsung Electronics Israel (SEIL)	Marketing	100.0
	Samsung Electronics Tunisia (SETN)	Marketing	100.0
Middle East and Africa	Samsung Electronics Pakistan (SEPAK)	Marketing	100.0
	Samsung Electronics South Africa (SSA)	Sale of electronic devices	100.0
	Samsung Electronics Turkey (SETK)	Sale of electronic devices	100.0
	Samsung Semiconductor Israel R&D Center (SIRC)	R&D	100.0
	Samsung Electronics Levant (SELV)	Sale of electronic devices	100.0
	Samsung Electronics Morocco (SEMRC)	Sale of electronic devices	100.0

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Area	Subsidiaries	Industry	Percentage of ownership <sup>1</sup>
	Samsung Display Dongguan (SDDG)	Manufacture of LCD	100.0
	Samsung Display Tianjin (SDTJ)	Manufacture of LCD	95.0
	Samsung Electronics Hong Kong (SEHK)	Sale of electronic devices	100.0
	Suzhou Samsung Electronics (SSEC)	Manufacture of home appliances	88.3
	Samsung Suzhou Electronics Export (SSEC-E)	Manufacture of home appliances	100.0
	Samsung (China) Investment (SCIC)	Sale of electronic devices	100.0
	Samsung Mobile R&D Center China-Guangzhou (SRC-Guangzhou)	R&D	100.0
	Samsung Tianjin Mobile Development Center (STMC)	R&D	100.0
	Samsung Network R&D Center China-Shenzhen (SRC-Shenzhen)	R&D	100.0
	Samsung Electronics Suzhou Semiconductor (SESS)	Toll processing of semiconductor	100.0
	Samsung Electronics (Shandong) Digital Printing (SSDP)	Manufacture of printers	100.0
	Samsung Electronics Huizhou (SEHZ)	Manufacture of electronic devices	99.9
	Tianjin Samsung Electronics (TSEC)	Manufacture of CTV/monitors	91.2
	Samsung Electronics Taiwan (SET)	Sale of electronic devices	100.0
	Beijing Samsung Telecom R&D Center (BST)	R&D	100.0
	Tianjin Samsung Telecom Technology (TSTC)	Manufacture of communication equipment	90.0
China	Shanghai Samsung Semiconductor (SSS)	Sale of semiconductor/LCD	100.0
	Samsung Electronics Suzhou Computer (SESC)	Manufacture of electronic devices	100.0
	Samsung Display Suzhou (SDSZ)	Toll processing of LCD	100.0
	Samsung Suzhou LCD (SSL)	Manufacture of LCD	60.0
	Shenzhen Samsung Electronics Telecommunication (SSET)	Manufacture of communication equipment	95.0
	Samsung Electronics Shanghai Telecommunication (SSTC)	Sale of communication and network equipment	100.0
	Samsung Semiconductor (China) R&D (SSCR)	R&D	100.0
	Samsung Electronics China R&D Center (SCRC)	R&D	100.0
	Samsung (China) Semiconductor (SCS)	Manufacture of semiconductor	100.0
	Samsung Electronics Hainan Fiberoptics (SEHF)	Manufacture of optical fiber/cable	100.0
	Samsung Electronics (Beijing) Service (SBSC)	Services	100.0
	Samsung Medison Shanghai Medical Instrument (SMS1)	Medical equipment	100.0
	Tianjin Samsung LED (TSLED)	Manufacture of LED	100.0
	Tianjin Samsung Opto-Electronics (TSOE)	Manufacture of cameras/camcorders	90.0
	Samsung R&D Institute China-Xian (SRC-Xian)	R&D	100.0
	SEMES (Xian)	Semiconductor equipment	100.0

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Area	Subsidiaries	Industry	Percentage of ownership <sup>1</sup>
	Samsung Japan (SJC)	Sale of electronic devices	100.0
	Samsung R&D Institute Japan (SRJ)	R&D	100.0
	Samsung Electronics Japan (SEJ)	Sale of electronic devices	100.0
	Samsung Electronics Display (M) (SDMA)	Manufacture and sale of electronic devices	100.0
	Samsung Electronics (M) (SEMA)	Manufacture of home appliances	100.0
	Samsung Vina Electronics (SAVINA)	Manufacture and sale of electronic devices	100.0
	Samsung Asia Private (SAPL)	Sale of electronic devices	100.0
	Samsung India Electronics (SIEL)	Manufacture and sale of electronic devices	100.0
	Samsung R&D Institute India-Bangalore (SRI-B)	R&D	100.0
	Samsung Electronics Australia (SEAU)	Sale of electronic devices	100.0
	Samsung Electronics Indonesia (SEIN)	Manufacture and sale of electronic devices	100.0
Rest of Asia	Samsung Telecommunications Indonesia (STIN)	Sale and services of communication systems	99.0
	Thai Samsung Electronics (TSE)	Manufacture and sale of electronic devices	91.8
	Samsung Electronics Philippines (SEPCO)	Sale of electronic devices	100.0
	Samsung Malaysia Electronics (SME)	Sale of electronic devices	100.0
	Samsung R&D Institute Bangladesh (SRBD)	R&D	100.0
	Samsung Electronics Vietnam (SEV)	Manufacture of electronic devices	100.0
	Samsung Telecommunications Malaysia (STM)	Services of communication systems	100.0
	Samsung Electronics Vietnam THAINGUYEN (SEVT)	Manufacture of communication equipment	100.0
	Samsung Medison India (SMIN)	Medical equipment	100.0
	Samsung Electronics New Zealand (SENZ)	Sale of electronic devices	100.0

<sup>1</sup> Ownership represents the Company's ownership of voting rights in each entity.

## Samsung Electronics Co., Ltd. and Subsidiaries

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(B) A summary of financial data of major consolidated subsidiaries is as follows:

(1) 2014

<i>(In millions of Korean won)</i>	As of June 30, 2014		For the three months ended June 30, 2014		For the six months ended June 30, 2014	
	Assets	Liabilities	Sales	Net Income (Loss)	Sales	Net Income (Loss)
Samsung Display (SDC)	37,799,414	7,088,057	6,200,321	164,141	12,147,848	1,443,550
Samsung Electronics America (SEA)	10,572,881	5,919,927	3,367,940	(111,593)	6,003,784	(144,621)
Samsung (China) Investment (SCIC)	8,912,168	7,637,742	3,862,170	(273,813)	10,016,356	(253,697)
Samsung Semiconductor (SSI)	6,382,565	3,121,247	4,393,542	21,589	8,770,353	37,933
Samsung Austin Semiconductor (SAS)	5,999,182	3,159,983	479,227	12,560	1,087,883	28,262
Samsung Electronics Vietnam (SEV)	5,760,367	1,370,493	5,465,863	694,450	11,621,756	1,486,618
Samsung (China) Semiconductor (SCS)	5,559,676	3,072,117	79,134	29,509	79,134	4,520
Samsung Electronics Europe Holding (SEEH)	5,523,973	3,843,579	-	10,387	-	66,358
Samsung Telecommunications America (STA)	5,390,286	4,582,341	6,888,860	142,946	11,914,520	188,789
Samsung Electronics Huizhou (SEHZ)	4,642,285	1,560,481	4,655,845	326,051	9,542,055	472,569
Samsung Electronica da Amazonia (SEDA)	3,676,455	1,429,491	2,177,389	205,561	4,062,459	409,727
Shanghai Samsung Semiconductor (SSS)	3,165,519	2,817,974	3,552,526	30,767	6,604,527	64,387
Tianjin Samsung Telecom Technology (TSTC)	3,067,050	1,429,136	2,808,565	24,510	6,394,043	228,074
Samsung Asia Private(SAPL)	3,004,021	739,489	405,847	(4,610)	783,880	1,056,913
Samsung India Electronics (SIEL)	2,444,100	1,384,981	1,693,297	117,151	3,535,288	347,092
Samsung Electronics Vietnam THAINGUYEN(SEVT)	2,017,076	1,723,705	1,837,063	211,498	1,933,477	197,322
Samsung Electronics Slovakia (SESK)	1,755,132	317,320	1,026,369	33,111	1,991,479	65,118
Samsung Suzhou LCD (SSL)	1,685,270	749,737	200,068	(11,841)	263,735	(86,624)
Thai Samsung Electronics (TSE)	1,666,480	484,133	1,274,441	64,539	2,476,187	112,495
Samsung Electronics Europe Logistics (SELS)	1,568,667	1,093,606	3,166,200	104,268	6,835,260	406,502
Samsung Electronics Taiwan (SET)	1,417,334	1,181,305	1,179,877	(10,043)	2,139,113	2,015
Samsung Electronics Hungarian (SEH)	1,248,499	270,345	661,347	29,324	1,389,762	77,111
Samsung Electronics Benelux (SEBN)	1,219,620	280,220	635,573	22,771	1,342,994	(11,855)
Samsung International (SII)	1,210,950	679,858	1,744,917	123,262	2,992,247	205,664
Samsung Gulf Electronics (SGE)	1,208,660	1,270,629	2,107,821	(48,651)	4,487,509	(38,050)

**Samsung Electronics Co., Ltd. and Subsidiaries**

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(2) 2013

<i>(In millions of Korean won)</i>	As of December 31, 2013		For the three months ended June 30, 2013		For the six months ended June 30, 2013	
	Assets	Liabilities	Sales	Net Income (Loss)	Sales	Net Income (Loss)
Samsung Display (SDC)	35,754,894	6,682,229	8,047,636	871,629	15,046,939	1,477,159
Samsung Electronics America (SEA)	12,248,560	7,262,519	3,368,756	(10,736)	6,084,350	39,400
Samsung (China) Investment (SCIC)	8,406,438	6,780,610	6,237,727	100,762	12,096,967	393,664
Samsung Semiconductor (SSI)	7,346,339	3,991,768	3,728,673	11,823	7,469,260	20,095
Samsung Austin Semiconductor (SAS)	6,393,348	3,467,968	553,336	21,654	1,212,695	21,301
Samsung Electronics Europe Holding (SEEH)	5,780,302	4,025,760	-	(23,514)	-	(21,377)
Samsung Electronics Vietnam (SEV)	5,625,759	1,493,868	6,654,762	639,815	12,424,199	1,279,163
Samsung Telecommunications America (STA)	4,735,432	4,085,299	6,178,187	71,751	9,977,239	35,771
Samsung Electronics Huizhou (SEHZ)	4,599,200	1,802,686	6,160,894	156,779	10,661,758	479,786
Samsung (China) Semiconductor (SCS)	3,752,682	1,284,560	-	(9,346)	-	(13,574)
Samsung Electronica da Amazonia (SEDA)	3,429,136	1,658,072	2,246,498	229,843	3,789,391	333,791
Tianjin Samsung Telecom Technology (TSTC)	2,939,027	1,415,277	4,041,352	207,895	7,290,592	467,029
Samsung Asia Private (SAPL)	2,425,585	1,099,521	433,099	2,619	817,298	764,097
Samsung India Electronics (SIEL)	1,924,832	1,195,824	1,768,572	14,959	3,342,736	108,901
Samsung Electronics Europe Logistics (SELS)	1,903,892	1,806,486	3,445,277	92,011	6,980,375	271,564
Samsung Electronics Slovakia (SESK)	1,764,078	317,224	1,088,373	56,441	2,143,850	94,251
Samsung Electronics Mexico (SEM)	1,554,638	1,311,133	949,936	(2,351)	1,598,147	(6,295)
Thai Samsung Electronics (TSE)	1,476,296	373,181	1,424,640	63,299	2,701,086	124,858
Samsung Suzhou LCD (SSL)	1,463,589	379,118	-	(6,031)	-	(8,984)
Samsung Electronics Rus Company (SERC)	1,410,054	1,107,915	1,140,203	(37,328)	2,757,029	(24,857)
Samsung Electronics (UK) (SEUK)	1,393,507	705,504	1,546,278	12,176	3,065,579	24,855
Samsung Electronics Taiwan (SET)	1,390,404	1,141,842	1,073,606	(17,263)	2,191,027	3,632
Shanghai Samsung Semiconductor (SSS)	1,310,109	1,005,056	4,177,180	20,976	7,698,460	38,290
Samsung Electronics Benelux (SEBN)	1,290,124	322,622	696,246	11,394	1,396,819	12,822
Samsung Electronics Hungarian (SEH)	1,249,691	253,536	727,071	26,323	1,544,610	64,193

(C) Changes in scope of consolidation

(1) Subsidiary newly included in the consolidation for the six months ended June 30, 2014:

Area	Subsidiary	Description
America	RT SV CO-INVEST (RT-SV)	Acquisition of shares

(2) Subsidiaries excluded from the consolidation for the six months ended June 30, 2014:

Area	Subsidiary	Description
Domestic	World Cyber Games	Liquidation
	Samsung Electronics Football Club	Disposal
China	Medison Medical Equipment (Shanghai) (MMS)	Liquidation
Rest of Asia	Medison Medical Systems (India) (MI)	Liquidation

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#### 2. Summary of Significant Accounting Policies

##### 2.1 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 ₩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.

##### 2.2 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.

##### 2.3 Accounting Policies

Significant accounting policies and estimates adopted in the preparation of the interim consolidated financial statements are consistent with those adopted in the preparation of the annual consolidated financial statements for the year ended December 31, 2013, except changes in accounting policies applied in the financial year beginning on January 1, 2014, and as described below.

Income tax expense for the interim period is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate is applied to the pre-tax income.



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#### 2.4 Critical Accounting Estimates and Assumptions

In preparing the interim consolidated financial statements, the management of the Company makes estimates and assumptions on matters which affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates, by definition, seldom equal the related actual results.

Critical accounting estimates and assumptions made in the preparation of interim consolidated financial statements are consistent with those made in the preparation of the annual consolidated financial statements for the year ended December 31, 2013, except for the estimation methodologies applied in deriving corporate income tax.

#### 3. Financial Instruments by Category

Categorizations of financial assets and liabilities as of June 30, 2014 and December 31, 2013 are as follows:

(1) As of June 30, 2014

<i>(In millions of Korean won)</i>	<b>Assets at fair value through profit and loss</b>		<b>Loans and receivables</b>		<b>Available-for-sale financial assets</b>		<b>Total</b>
<b>Assets</b>							
Cash and cash equivalents	₩	-	₩	16,057,574	₩	-	₩ 16,057,574
Short-term financial instruments		-		41,692,883		-	41,692,883
Short-term available-for-sale financial assets		-		-		2,912,533	2,912,533
Trade receivables		-		24,432,856		-	24,432,856
Long-term available-for-sale financial assets		-		-		10,644,223	10,644,223
Other		49,196		6,652,891		-	6,702,087
<b>Total</b>	₩	49,196	₩	88,836,204	₩	13,556,756	₩ 102,442,156

<i>(In millions of Korean won)</i>	<b>Liabilities at fair value through profit and loss</b>		<b>Financial liabilities measured at amortized cost</b>		<b>Other financial liabilities</b>		<b>Total</b>
<b>Liabilities</b>							
Trade and other payables	₩	-	₩	15,038,007	₩	-	₩ 15,038,007
Short-term borrowings		-		3,567,685		5,757,348	9,325,033
Debentures		-		1,269,911		-	1,269,911
Long-term borrowings		-		2,214,013		-	2,214,013
Long-term other payables		-		2,538,918		-	2,538,918
Other		266,700		8,674,938		-	8,941,638
<b>Total</b>	₩	266,700	₩	33,303,472	₩	5,757,348	₩ 39,327,520

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(2) As of December 31, 2013

<i>(In millions of Korean won)</i>	<b>Assets at fair value through profit or loss</b>		<b>Loans and receivables</b>		<b>Available-for-sale financial assets</b>		<b>Total</b>
<b>Assets</b>							
Cash and cash equivalents	₩	-	₩	16,284,780	₩	-	₩ 16,284,780
Short-term financial instruments		-		36,722,702		-	36,722,702
Short-term available-for-sale financial assets		-		-		1,488,527	1,488,527
Trade receivables		-		24,988,532		-	24,988,532
Long-term available-for-sale financial assets		-		-		6,238,380	6,238,380
Other		40,552		5,432,404		-	5,472,956
<b>Total</b>	₩	40,552	₩	83,428,418	₩	7,726,907	₩ 91,195,877

<i>(In millions of Korean won)</i>	<b>Liabilities at fair value through profit and loss</b>		<b>Financial liabilities measured at amortized cost</b>		<b>Other financial liabilities</b>		<b>Total</b>
<b>Liabilities</b>							
Trade and other payables	₩	-	₩	16,314,720	₩	-	₩ 16,314,720
Short-term borrowings		-		3,181,582		3,256,935	6,438,517
Debentures		-		1,311,068		-	1,311,068
Long-term borrowings		-		985,117		-	985,117
Long-term other payables		-		1,023,714		-	1,023,714
Other		244,172		13,044,171		-	13,288,343
<b>Total</b>	₩	244,172	₩	35,860,372	₩	3,256,935	₩ 39,361,479

**4. Long-Term Available-for-Sale Financial Assets**

(A) Details of long-term available-for-sale financial assets as of June 30, 2014 and December 31, 2013 are as follows:

<i>(In millions of Korean won)</i>	<b>June 30, 2014</b>		<b>December 31, 2013</b>	
Equity securities - Listed	₩	4,160,929	₩	4,399,314
Equity securities - Non-listed <sup>1</sup>		3,438,604		782,297
Debt securities <sup>2</sup>		3,044,690		1,056,769
<b>Total</b>	₩	10,644,223	₩	6,238,380

<sup>1</sup> During the six months ended June 30, 2014, the Company acquired 2,300 shares of convertible preferred stock of Corning Incorporated for ₩2,434,320 million.

<sup>2</sup> The maximum exposure to credit risk of available-for-sale debt securities is the carrying value at the reporting date.

## Samsung Electronics Co., Ltd. and Subsidiaries

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(B) Details of listed equity securities as of June 30, 2014 and December 31, 2013 are as follows:

*(In millions of Korean won, number of shares and percentage)*

	June 30, 2014			December 31, 2013	
	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Book Value (Market Value)	Book Value (Market Value)
Samsung Heavy Industries	40,675,641	17.6	₩ 258,299	₩ 1,100,276	₩ 1,547,708
Samsung Fine Chemicals	2,164,970	8.4	45,678	89,089	96,449
Hotel Shilla	2,004,717	5.1	13,957	183,231	133,314
Cheil Worldwide	2,998,725	2.6	2,920	68,371	82,465
Cheil Industries <sup>1</sup>	4,522,720	8.6	312,380	317,495	-
iMarket Korea	647,320	1.8	324	23,983	16,668
SFA	1,822,000	10.2	38,262	69,783	74,884
Wonik IPS	7,220,216	9.0	63,249	83,755	61,949
ASML	12,595,575	2.9	726,024	1,185,698	1,248,019
CSR <sup>2</sup>	-	-	-	-	110,135
Rambus	4,788,125	4.2	92,682	69,456	47,851
Seagate Technology	12,539,490	3.8	218,544	722,754	743,161
Sharp	35,804,000	2.1	122,535	116,363	120,143
SunEdison Semiconductor	2,425,578	5.8	37,553	41,656	-
Wacom	8,398,400	5.0	62,013	48,468	62,268
Other	-	-	50,954	40,551	54,300
<b>Total</b>			₩ 2,045,374	₩ 4,160,929	₩ 4,399,314

<sup>1</sup> The Company acquired shares of Cheil Industries, which was merged with Samsung SDI on July 1, 2014.

<sup>2</sup> During the six months ended June 30, 2014, the Company sold all of its investment in CSR for EUR 79 million.

Acquisition cost includes impairment loss on available-for-sale financial assets recognized due to the decline in realizable value below acquisition cost.

The difference between the acquisition cost and the current fair value, after income tax effects, is recorded within other components of equity (unrealized gains or losses on available-for-sale financial assets).

#### 5. Inventories

Inventories as of June 30, 2014 and December 31, 2013 are as follows:

<i>(In millions of Korean won)</i>	June 30, 2014			December 31, 2013		
	Gross Amount	Valuation Allowance	Book Value	Gross Amount	Valuation Allowance	Book Value
Finished goods	₩ 6,684,086	₩ (192,188)	₩ 6,491,898	₩ 7,597,391	₩ (168,041)	₩ 7,429,350
Work in process	4,708,513	(274,597)	4,433,916	4,352,080	(281,814)	4,070,266
Raw materials and supplies	6,561,213	(201,721)	6,359,492	6,960,985	(151,873)	6,809,112
Materials in transit	990,758	-	990,758	826,140	-	826,140
<b>Total</b>	₩ 18,944,570	₩ (668,506)	₩ 18,276,064	₩ 19,736,596	₩ (601,728)	₩ 19,134,868

## Samsung Electronics Co., Ltd. and Subsidiaries

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 6. Investments in Associates and Joint Ventures

(A) Changes in investments in associates and joint ventures for the six months ended June 30, 2014 and 2013 are as follows:

<i>(In millions of Korean won)</i>	2014	2013
Balance as of January 1	₩ 6,422,292	₩ 8,785,489
Acquisition <sup>1</sup>	572,367	21,034
Disposal	(28,268)	(240)
Share of profit	94,141	390,251
Other <sup>2</sup>	(155,910)	(188,105)
Balance as of June 30	₩ 6,904,622	₩ 9,008,429

<sup>1</sup> During the six months ended June 30, 2014, the Company acquired 2,178,399 shares of Samsung SDI for ₩344,531 million.

<sup>2</sup> Other consists of dividends, business combinations, and effects of changes in foreign exchange rates.

(B) Major investments in associates and joint ventures as of June 30, 2014 are as follows:

(1) Investments in associates

Investee	Nature of relationship with the Company	Percentage of Ownership <sup>1</sup> (%)	Principal Business Location
Samsung Card	Business alliance	37.5	Korea
Samsung Electro-Mechanics	Manufacture and supply of electronic components including passive component, circuit board, and module	23.7	Korea
Samsung SDI	Manufacture and supply of electronic devices including PDP and secondary (rechargeable) batteries	25.2	Korea
Samsung SDS	Provide IT services including computer programming, system integration and management	22.6	Korea
Samsung Techwin	Manufacture and supply of precision machines	25.5	Korea

<sup>1</sup> Ownership represents the Company's ownership of common stock in each entity.

(2) Investments in joint ventures

Investee	Nature of relationship with the Company	Percentage of Ownership <sup>1</sup> (%)	Principal Business Location
Samsung Corning Advanced Glass	Manufacture and supply of other industrial glass devices	50.0	Korea

<sup>1</sup> Ownership represents the Company's ownership of common stock in each entity.

## Samsung Electronics Co., Ltd. and Subsidiaries

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(C) Details of investments in associates and joint ventures as of June 30, 2014 and December 31, 2013 are as follows:

(1) Investments in associates

*(In millions of Korean won)*

Investee	June 30, 2014				
	Acquisition cost		Net asset value <sup>1</sup>		Book value
Samsung Card	₩	1,538,540	₩	2,337,857	₩ 2,295,567
Samsung Electro-Mechanics		359,237		917,237	923,815
Samsung SDI		768,253		1,897,105	1,621,037
Samsung SDS		147,963		886,337	908,785
Samsung Techwin		174,531		425,790	391,860
Other		644,830		420,521	551,204
<b>Total</b>	₩	<b>3,633,354</b>	₩	<b>6,884,847</b>	₩ <b>6,692,268</b>

*(In millions of Korean won)*

Investee	December 31, 2013				
	Acquisition cost		Net asset value <sup>1</sup>		Book value
Samsung Card	₩	1,538,540	₩	2,322,897	₩ 2,340,009
Samsung Electro-Mechanics		359,237		951,693	954,496
Samsung SDI		423,722		1,451,770	1,175,204
Samsung SDS		147,963		858,671	879,956
Samsung Techwin		174,531		433,624	402,745
Other		582,646		375,959	548,553
<b>Total</b>	₩	<b>3,226,639</b>	₩	<b>6,394,614</b>	₩ <b>6,300,963</b>

<sup>1</sup> Company's portion of net asset value of associates is based on the Company's ownership percentage.

(2) Investments in joint ventures

*(In millions of Korean won)*

Investee	June 30, 2014				
	Acquisition cost		Net asset value <sup>1</sup>		Book value
Samsung Corning Advanced Glass	₩	215,000	₩	203,433	₩ 203,339
Other		462,375		48,837	9,015
<b>Total</b>	₩	<b>677,375</b>	₩	<b>252,270</b>	₩ <b>212,354</b>

*(In millions of Korean won)*

Investee	December 31, 2013				
	Acquisition cost		Net asset value <sup>1</sup>		Book value
Samsung Corning Advanced Glass	₩	115,000	₩	111,961	₩ 111,961
Other		422,995		(16,357)	9,368
<b>Total</b>	₩	<b>537,995</b>	₩	<b>95,604</b>	₩ <b>121,329</b>

<sup>1</sup> Company's portion of net asset value of joint ventures is based on the Company's ownership percentage.

## Samsung Electronics Co., Ltd. and Subsidiaries

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(D) Details of changes in equity-method investments including associates and joint ventures are as follows:

(1) For the six months ended June 30, 2014

<i>(In millions of Korean won)</i>	<b>Balance as of January 1</b>	<b>Gain/loss on valuation</b>	<b>Other comprehensive income/loss</b>	<b>Other<sup>1</sup></b>	<b>Balance as of June 30</b>
Samsung Card	₩ 2,340,009	₩ 56,160	₩ (70,228)	₩ (30,374)	₩ 2,295,567
Samsung Electro-Mechanics	954,496	7,303	(24,714)	(13,270)	923,815
Samsung SDI	1,175,204	11,636	32,795	401,402	1,621,037
Samsung SDS	879,956	44,487	(11,290)	(4,368)	908,785
Samsung Techwin	402,745	(3,680)	(441)	(6,764)	391,860
Samsung Corning Advanced Glass	111,961	(8,446)	(70)	99,894	203,339
Other	557,921	(13,319)	(9,969)	25,586	560,219
<b>Total</b>	₩ 6,422,292	₩ 94,141	₩ (83,917)	₩ 472,106	₩ 6,904,622

<sup>1</sup> Other consists of acquisitions, disposals, dividends, and effects of changes in currency exchange rates.

(2) For the six months ended June 30, 2013

<i>(In millions of Korean won)</i>	<b>Balance as of January 1</b>	<b>Gain/loss on valuation</b>	<b>Other comprehensive income/loss</b>	<b>Other<sup>1</sup></b>	<b>Balance as of June 30</b>
Samsung Card	₩ 2,238,073	₩ 56,083	₩ 7,351	₩ (30,252)	₩ 2,271,255
Samsung Electro-Mechanics	890,460	58,625	10,852	(17,883)	942,054
Samsung SDI	1,174,183	40,454	(36,725)	(14,429)	1,163,483
Samsung SDS	701,808	33,809	4,562	(3,750)	736,429
Samsung Techwin	360,739	25,058	10,491	(6,652)	389,636
Samsung Corning Precision Materials <sup>2</sup>	2,794,617	242,875	428	(135,923)	2,901,997
Samsung Corning Advanced Glass	114,274	(601)	-	-	113,673
Other	511,335	(66,052)	4,430	40,189	489,902
<b>Total</b>	₩ 8,785,489	₩ 390,251	₩ 1,389	₩ (168,700)	₩ 9,008,429

<sup>1</sup> Other consists of acquisitions, disposals, dividends, and effects of changes in currency exchange rates.

<sup>2</sup> During the year ended December 31, 2013, the Company entered into a framework agreement for comprehensive business cooperation with Corning Incorporated. The Company classified its share in Samsung Corning Precision Materials Co., Ltd (ownership percentage: 42.54%) as assets held for sale as of December 31, 2013, and disposed of such shares for ₩2,013,457 million during the six months ended June 30, 2014. Pursuant to the agreement, the Company received additional dividends after the resolution of the Samsung Corning Precision Materials Co., Ltd shareholders' meeting.

## Samsung Electronics Co., Ltd. and Subsidiaries

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(E) Summary of condensed financial information of major associates and joint ventures

- (1) A summary of condensed financial information of major associates and dividends received from associates as of June 30, 2014 and December 31, 2013 and for the six months ended June 30, 2014 and 2013 is as follows:

*(In millions of Korean won)*

Investee	As of and for the six months ended June 30, 2014				
	Samsung Card <sup>1</sup>	Samsung Electro-Mechanics	Samsung SDI	Samsung SDS	Samsung Techwin
<b>1. Condensed financial information</b>					
Current assets	₩ 16,742,195	₩ 2,548,602	₩ 2,087,035	₩ 3,263,510	₩ 1,802,927
Non-current assets		4,388,856	8,787,933	2,262,258	1,832,290
Current liabilities	10,507,909	1,916,772	1,337,723	1,247,561	1,412,883
Non-current liabilities		918,019	1,584,636	263,940	555,169
Non-controlling interests	-	83,902	143,773	88,947	1,272
Revenue	1,705,860	3,589,453	2,184,327	3,926,295	1,403,491
Income (loss) from continuing operations <sup>2</sup>	299,929	15,569	58,237	191,923	(21,838)
Other comprehensive income (loss) <sup>2</sup>	(187,524)	(113,016)	154,307	(49,898)	11,040
Total comprehensive income (loss) <sup>2</sup>	112,405	(97,447)	212,544	142,025	(10,798)
<b>2. Dividends from associates</b>					
Dividends	₩ 30,375	₩ 13,270	₩ 13,924	₩ 4,368	₩ 6,763

<sup>1</sup> Samsung Card does not present current and non-current assets and liabilities as separate classifications in its statement of financial position.

<sup>2</sup> Income (loss) attributable to owners of the parent.

*(In millions of Korean won)*

Investee	As of December 31, 2013, and for the six months ended June 30, 2013				
	Samsung Card <sup>1</sup>	Samsung Electro-Mechanics	Samsung SDI	Samsung SDS	Samsung Techwin
<b>1. Condensed financial information</b>					
Current assets	₩ 16,560,926	₩ 2,650,765	₩ 2,063,192	₩ 2,928,998	₩ 1,561,706
Non-current assets		4,534,578	8,492,479	2,371,102	1,872,518
Current liabilities	10,358,265	1,787,432	1,526,957	1,219,484	1,169,253
Non-current liabilities		1,139,884	1,486,297	197,237	560,191
Non-controlling interests	-	83,966	164,323	80,644	1,628
Revenue <sup>2</sup>	1,490,825	4,428,331	2,515,046	3,241,905	1,434,078
Income (loss) from continuing operations <sup>3</sup>	149,708	259,701	206,806	149,576	95,435
Other comprehensive income (loss) <sup>3</sup>	24,134	46,452	(193,070)	21,050	41,722
Total comprehensive income (loss) <sup>3</sup>	173,842	306,153	13,736	170,626	137,157
<b>2. Dividends from associates</b>					
Dividends	₩ 30,375	₩ 17,693	₩ 13,924	₩ 3,914	₩ 6,763

<sup>1</sup> Samsung Card does not present current and non-current assets and liabilities as separate classifications in its statement of financial position.

<sup>2</sup> Amounts for the six months ended June 30, 2013.

<sup>3</sup> Income (loss) attributable to owners of the parent for the six months ended June 30, 2013.

## Samsung Electronics Co., Ltd. and Subsidiaries

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

- (2) A summary of the condensed financial information of major joint ventures and dividends received from joint ventures as of June 30, 2014 and December 31, 2013 and for the six months ended June 30, 2014 and 2013 is as follows:

<i>(In millions of Korean won)</i>	As of and for the six months ended June 30, 2014		As of December 31, 2013, and for the six months ended June 30, 2013	
	Samsung Corning Advanced Glass		Samsung Corning Advanced Glass	
<b>1. Condensed financial information</b>				
Current assets	₩	207,662	₩	171,353
- Cash and cash equivalents		28,576		64,113
Non-current assets		235,279		95,310
Current liabilities		34,069		42,674
- Current financial liabilities <sup>1</sup>		18,907		40,575
Non-current liabilities		2,005		67
Non-controlling interests		-		-
Revenue <sup>2</sup>		117,561		32,746
Depreciation and amortization <sup>2</sup>		262		108
Interest income <sup>2</sup>		260		2,462
Income tax expense <sup>2</sup>		(2,661)		(149)
Loss from continuing Operations <sup>3</sup>		(16,916)		(1,203)
Other comprehensive income (loss) <sup>3</sup>		(140)		-
Total comprehensive loss <sup>3</sup>		(17,056)		(1,203)
<b>2. Dividends from joint ventures</b>				
Dividends	₩	-	₩	-

<sup>1</sup> Accounts payable, other payables, and provisions are excluded.

<sup>2</sup> Amounts for the six months ended June 30, 2014 and 2013.

<sup>3</sup> Income (loss) attributable to owners of the parent for the six months ended June 30, 2014 and 2013.

- (3) Profit(loss) amounts attributable to owners of the parent from associates and joint ventures which are not individually material, are as follow:

<i>(In millions of Korean won)</i>	For the six months ended June 30, 2014			For the six months ended June 30, 2013		
Investee	Associates	Joint ventures	Associates	Joint ventures	Associates	Joint ventures
Loss from continuing Operations	₩ (20,130)	₩ (71,734)	₩ (65,985)	₩ (89,707)		
Other comprehensive income (loss)	(62,973)	8,044	63,835	1,725		
Total comprehensive loss	₩ (83,103)	₩ (63,690)	₩ (2,150)	₩ (87,982)		

- (F) Fair values of marketable investments in associates as of June 30, 2014 and December 31, 2013 are as follows:

<i>(In millions of Korean won and number of shares)</i>	June 30, 2014		December 31, 2013	
	Number of shares held	Market value	Number of shares held	Market value
Samsung SDI	11,461,152	₩ 1,856,707	9,282,753	₩ 1,503,806
Samsung Electro-Mechanics	17,693,084	1,031,507	17,693,084	1,291,595
Samsung Card	43,393,170	1,872,415	43,393,170	1,622,905
Samsung Techwin	13,526,936	716,928	13,526,936	735,865



## Samsung Electronics Co., Ltd. and Subsidiaries

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 7. Property, Plant and Equipment

(A) Changes in property, plant and equipment for the six months ended June 30, 2014 and 2013 are as follows:

<i>(In millions of Korean won)</i>	<b>2014</b>		<b>2013</b>	
Balance as of January 1	₩	75,496,388	₩	68,484,743
Acquisition and capital expenditures		10,183,619		9,043,901
Business combinations		-		1,052
Depreciation		(8,205,273)		(7,585,960)
Sales/disposals/impairment		(648,007)		(268,057)
Other <sup>1</sup>		(1,233,074)		722,595
<b>Balance as of June 30</b>	<b>₩</b>	<b>75,593,653</b>	<b>₩</b>	<b>70,398,274</b>

<sup>1</sup> Other includes effects of changes in foreign currency exchange rates.

(B) Details of depreciation of property, plant and equipment by line item for the six months ended June 30, 2014 and 2013 are as follows:

<i>(In millions of Korean won)</i>	<b>2014</b>		<b>2013</b>	
Cost of sales	₩	7,431,344	₩	6,900,916
Selling and administrative expenses		773,929		685,044
<b>Total</b>	<b>₩</b>	<b>8,205,273</b>	<b>₩</b>	<b>7,585,960</b>

#### 8. Intangible Assets

(A) Changes in intangible assets for the six months ended June 30, 2014 and 2013 are as follows:

<i>(In millions of Korean won)</i>	<b>2014</b>		<b>2013</b>	
Balance as of January 1	₩	3,980,600	₩	3,729,705
Internally generated (development costs)		341,542		190,268
External acquisitions		169,116		264,056
Business combinations		-		166,553
Amortization		(532,952)		(471,901)
Sales/disposals/impairment		(10,202)		(77,327)
Other <sup>1</sup>		272,185		260,675
<b>Balance as of June 30</b>	<b>₩</b>	<b>4,220,289</b>	<b>₩</b>	<b>4,062,029</b>

<sup>1</sup> Other includes effects of changes in foreign currency exchange rates.

(B) Details of amortization of intangible assets by line item for the six months ended June 30, 2014 and 2013 are as follows:

<i>(In millions of Korean won)</i>	<b>2014</b>		<b>2013</b>	
Cost of sales	₩	241,961	₩	197,705
Selling and administrative expenses		290,991		274,196
<b>Total</b>	<b>₩</b>	<b>532,952</b>	<b>₩</b>	<b>471,901</b>

## Samsung Electronics Co., Ltd. and Subsidiaries

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 9. Borrowings

Details of the carrying amounts of borrowings as of June 30, 2014 and December 31, 2013 are as follows:

<i>(In millions of Korean won)</i>	<b>Financial Institutions</b>	<b>Annual Interest Rates (%) as of June 30, 2014</b>	<b>June 30, 2014</b>	<b>December 31, 2013</b>
<b>Short-term borrowings</b>				
Collateralized borrowings <sup>1</sup>	Woori Bank and others	0.5 ~ 11.3	₩ 5,757,348	₩ 3,256,935
Non-collateralized borrowings	Citibank and others	0.4 ~ 12.3	3,567,685	3,181,582
<b>Total</b>			₩ 9,325,033	₩ 6,438,517
<b>Current portion of long-term borrowings</b>				
Bank borrowings	SMBC and others	0.8 ~ 7.4	₩ 643,168	₩ 1,900,937
Financial lease liabilities <sup>2</sup>	CSSD and others	1.1 ~ 15.7	15,224	19,811
<b>Total</b>			₩ 658,392	₩ 1,920,748
<b>Long-term borrowings</b>				
Bank borrowings	SMBC and others	0.5 ~ 1.1	₩ 2,139,211	₩ 902,715
Financial lease liabilities <sup>2</sup>	CSSD and others	1.1 ~ 15.7	74,802	82,402
<b>Total</b>			₩ 2,214,013	₩ 985,117

<sup>1</sup> Collateralized borrowings are secured by trade receivables.

<sup>2</sup> Leased property, plant and equipment were pledged as collateral.

## Samsung Electronics Co., Ltd. and Subsidiaries

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 10. Debentures

Details of the carrying amount of debentures as of June 30, 2014 and December 31, 2013 are as follows:

<i>(In millions of Korean won)</i>	<b>June 30, 2014</b>		<b>December 31, 2013</b>	
Korean won denominated debentures (A)	₩	199,130	₩	198,566
Foreign currency denominated debentures (B)		1,070,781		1,112,502
<b>Total</b>	₩	1,269,911	₩	1,311,068

(A) Details of Korean won denominated debentures as of June 30, 2014 and December 31, 2013 are as follows:

<i>(In millions of Korean won)</i>	<b>Issue Date</b>	<b>Due Date</b>	<b>Annual Interest Rates (%) as of June 30, 2014</b>	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Unsecured debentures	2011.11.17	2014.11.17	4.1	500,000	500,000
Unsecured debentures	2011.11.17	2016.11.17	4.2	200,000	200,000
Less: Current portion				(500,000)	(500,000)
Less: Discounts				(870)	(1,434)
<b>Total</b>				₩ 199,130	₩ 198,566

All the above debentures have been issued by Samsung Display and will be repaid upon maturity.

(B) Details of foreign currency denominated debentures as of June 30, 2014 and December 31, 2013 are as follows:

<i>(In millions of Korean Won)</i>	<b>Issue Date</b>	<b>Due Date</b>	<b>Annual Interest Rates (%) as of June 30, 2014</b>	<b>June 30, 2014</b>	<b>December 31, 2013</b>
US dollar denominated straight bonds <sup>1</sup>	1997.10.02	2027.10.01	7.7	₩ 71,008 (US\$70 million)	₩ 73,871 (US\$70 million)
US dollar denominated unsecured bonds <sup>2</sup>	2012.04.10	2017.04.10	1.8	1,014,400 (US\$1,000 million)	1,055,300 (US\$1,000 million)
Less: Current portion				(5,072)	(5,277)
Less: Discounts				(9,555)	(11,392)
<b>Total</b>				₩ 1,070,781	₩ 1,112,502

<sup>1</sup> US dollar denominated straight bonds are repaid annually for twenty years after a ten-year grace period from the date of issuance. Interest is paid semi-annually.

<sup>2</sup> US dollar denominated unsecured bonds are issued by Samsung Electronics America, a subsidiary of the Company, and are repaid in full upon maturity. Interest is paid semi-annually.

## Samsung Electronics Co., Ltd. and Subsidiaries

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 11. Net Defined Benefit Liabilities

(A) Details of net defined benefit liabilities recognized on the consolidated statements of financial position as of June 30, 2014 and December 31, 2013 are as follows:

<i>(In millions of Korean won)</i>	<b>June 30, 2014</b>		<b>December 31, 2013</b>	
Present value of funded defined benefit obligations	₩	6,261,095	₩	5,672,147
Present value of unfunded defined benefit obligations		73,977		55,931
Subtotal		6,335,072		5,728,078
Fair value of plan assets		(3,868,953)		(3,873,176)
<b>Total</b>	₩	2,466,119	₩	1,854,902

(B) The amounts recognized in the consolidated statements of income for the six months ended June 30, 2014 and 2013 are as follows:

<i>(In millions of Korean won)</i>	<b>2014</b>		<b>2013</b>	
Current service cost	₩	479,189	₩	419,574
Interest cost		49,824		45,171
Past service cost		131,504		-
Gain arising from settlements		424		1,325
<b>Total</b>	₩	660,941	₩	466,070

(C) The pension expenses related to defined benefit plans recognized on the consolidated statements of income for the six months ended June 30, 2014 and 2013 are as follows:

<i>(In millions of Korean won)</i>	<b>2014</b>		<b>2013</b>	
Cost of sales	₩	275,403	₩	186,307
Selling and administrative expenses		385,538		279,763
<b>Total</b>	₩	660,941	₩	466,070

## Samsung Electronics Co., Ltd. and Subsidiaries

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 12. Provisions

Changes in the provisions during the six months ended June 30, 2014 are as follows:

<i>(In millions of Korean won)</i>	<b>Warranty (A)</b>	<b>Royalty expenses (B)</b>	<b>Long-term incentives (C)</b>	<b>Bonus (D)</b>	<b>Other</b>	<b>Total</b>
Balance as of January 1, 2014	₩ 1,945,992	₩ 4,272,670	₩ 921,848	₩ -	₩ 56,890	₩ 7,197,400
Charged (credited) to the statement of income	1,205,570	449,627	80,820	1,776,211	(8)	3,512,220
Payment	(1,174,963)	(1,375,201)	(408,459)	-	-	(2,958,623)
Other <sup>1</sup>	(69,858)	(36,689)	-	-	(2,669)	(109,216)
Balance as of June 30, 2014	₩ 1,906,741	₩ 3,310,407	₩ 594,209	₩ 1,776,211	₩ 54,213	₩ 7,641,781

<sup>1</sup> Other includes effects of changes in foreign currency exchange rates.

- (A) The Company accrues warranty reserves for estimated costs of future service, repairs and recalls, based on historical experience and terms of warranty programs.
- (B) The Company makes provisions for the estimated royalty expenses under negotiation with counterparties. The timing of payment depends on the settlement of the negotiation.
- (C) The Company has a long-term incentive plan for its executives based on a three-year management performance criteria and has made a provision for the estimated incentive cost for the accrued period.
- (D) The Company provides bonuses for its executives and employees, which are determined based on current-period performance. The estimated bonus cost for the accrued period has been recognized as a provision.

## Samsung Electronics Co., Ltd. and Subsidiaries

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 13. Commitments and Contingencies

##### (A) Guarantees

Details of guarantees of debt provided by the Company as of June 30, 2014 and December 31, 2013 are as follows:

<i>(In millions of Korean won)</i>	<b>June 30, 2014</b>		<b>December 31, 2013</b>	
Guarantees of debt for housing rental <sup>1</sup>	₩	78,620	₩	151,985

<sup>1</sup> Represent the maximum amount of debt guarantee provided to employees who took debt from financial institutions in order to finance housing rental.

In addition to the guarantees described above, the Company provides guarantees for borrowings by Intellectual Keystone Technology (IKT), the Company's associate, to Citibank in the amount of ₩30,432 million (USD 30 million).

As of June 30, 2014, the Company's investments in Pusan Newport are pledged as collateral against the investee's debt.

##### (B) Litigation

- (1) Based on the agreement entered on August 24, 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 ₩2,450 billion for loss of principal on loans extended to SMI, a separate amount for breach of the agreement, and an amount 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 ₩70,000 was deposited into an escrow account (₩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 ₩600 billion and penalties due to delay. In accordance with the Seoul High Court order, ₩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.
- (2) The litigation with Apple Inc. is ongoing as of the reporting date. 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. On May 5, 2014, the jury of the second lawsuit in U.S.A reached a verdict that the Company partially infringed Apple's utility patent and should pay damages to Apple and the trial was conducted on July 11, 2014. The final conclusion and the effect of the patent lawsuits with Apple are uncertain as of the reporting date. On August, 2014, the Company and Apple Inc. have signed an agreement withdrawing all lawsuits against each other outside the U.S.A. and initiated the procedure.

## Samsung Electronics Co., Ltd. and Subsidiaries

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

- (3) 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.

#### 14. Share Capital

The Company's total number of authorized shares is 500,000,000 shares (₩5,000 per share). The Company has issued 147,299,337 shares of common stock and 22,833,427 shares of preferred stock as of June 30, 2014, excluding retired shares. Due to the retirement of shares, the total par value of the shares issued is ₩850,664 million (common stock ₩736,497 million and preferred stock ₩114,167 million), which does not agree with paid-in capital of ₩897,514 million.

#### 15. Retained Earnings

- (A) Retained earnings as of June 30, 2014 and December 31, 2013 consist of:

<i>(In millions of Korean won)</i>	<b>June 30, 2014</b>		<b>December 31, 2013</b>	
Appropriated	₩	119,947,786	₩	104,175,235
Unappropriated		40,241,176		44,425,047
<b>Total</b>	₩	160,188,962	₩	148,600,282

- (B) On July 31, 2014, the Company declared cash dividends to shareholders of common stock and preferred stock as interim dividends for the six-months ended June 30, 2014.

Details of the interim dividends for the six-months ended June 30, 2014 and 2013 are as follows:

<i>(In millions of Korean won)</i>		<b>June 30, 2014</b>		<b>June 30, 2013</b>	
Number of shares eligible for dividends	Common stock	130,962,651		130,878,713	
	Preferred stock	19,853,734		19,853,734	
Dividend rate		10%		10%	
Dividend amount	Common stock	₩	65,481	₩	65,439
	Preferred stock		9,927		9,927
	Total	₩	75,408	₩	75,366

## Samsung Electronics Co., Ltd. and Subsidiaries

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 16. Other Components of Equity

Other components of equity as of June 30, 2014 and December 31, 2013 consist of:

<i>(In millions of Korean won)</i>	<b>June 30, 2014</b>		<b>December 31, 2013</b>	
Treasury stock	₩	(7,303,991)	₩	(7,323,432)
Stock options		807		10,243
Unrealized gains on available-for-sale financial assets		1,891,008		2,189,013
Share of other comprehensive income of associates and joint ventures		658,394		741,893
Foreign currency translation		(5,444,547)		(3,610,654)
Remeasurement of net defined benefit liabilities		(1,325,250)		(1,302,588)
Other		(148,020)		(163,548)
<b>Total</b>	₩	(11,671,599)	₩	(9,459,073)

The Company repurchases registered common stock and non-voting preferred stock and recognizes the repurchase amount in other components of equity. Such stock will be distributed upon exercise of stock options. Treasury stock as of June 30, 2014 and December 31, 2013 consists of the following:

<i>(In millions of Korean won and number of shares)</i>	<b>June 30, 2014</b>		<b>December 31, 2013</b>	
	<b>Preferred Stock</b>	<b>Common Stock</b>	<b>Preferred Stock</b>	<b>Common Stock</b>
Number of shares	2,979,693	16,336,686 shares	2,979,693 shares	16,384,216 shares
Acquisition cost	₩ 621,843	₩ 6,682,148	₩ 621,843	₩ 6,701,589

#### 17. Expenses by Nature

Expenses by nature for the six months ended June 30, 2014 and 2013 consist of the following:

<i>(In millions of Korean won)</i>	<b>June 30, 2014</b>		<b>June 30, 2013</b>	
	<b>3 Months</b>	<b>6 Months</b>	<b>3 Months</b>	<b>6 Months</b>
Raw materials and goods	₩ 21,264,459	₩ 43,020,935	₩ 23,701,743	₩ 44,756,991
Wages and salaries	4,431,838	8,917,023	3,976,933	7,835,180
Pension	284,702	687,306	243,893	487,599
Depreciation	4,201,189	8,205,273	3,810,492	7,585,960
Amortization	280,615	532,952	240,303	471,901
Welfare	939,738	1,760,950	841,264	1,584,642
Commission and service charges	1,925,710	4,476,126	2,039,929	4,790,599
Other	11,837,655	22,751,868	13,079,208	24,509,530
<b>Total<sup>1</sup></b>	₩ 45,165,906	₩ 90,352,433	₩ 47,933,765	₩ 92,022,402

<sup>1</sup> Expenses above are equal to the sum of cost of sales and selling and administrative expenses on the consolidated statements of income.



## Samsung Electronics Co., Ltd. and Subsidiaries

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 18. Selling and Administrative Expenses

Selling and administrative expenses for the six months ended June 30, 2014 and 2013 are as follows:

<i>(In millions of Korean won)</i>	June 30, 2014		June 30, 2013	
	3 Months	6 Months	3 Months	6 Months
<b>1) Selling and administrative expenses</b>				
Wages and salaries	₩ 1,295,380	₩ 2,634,003	₩ 1,178,812	₩ 2,498,560
Pension	69,758	157,068	57,890	116,010
Commission and service charges	1,925,710	4,476,126	2,039,929	4,790,599
Depreciation	164,410	328,485	135,784	265,186
Amortization	99,513	198,194	102,809	204,003
Advertising	1,138,440	1,816,302	1,179,430	2,065,312
Sales promotion	2,143,080	3,731,063	2,302,620	3,770,049
Transportation	975,650	1,815,311	1,044,736	1,920,392
Warranty	811,475	1,673,164	771,730	1,482,249
Other	1,167,999	2,407,867	1,237,427	2,323,003
<b>2) Research and development expenses</b>				
Total R&D expenditure	3,857,520	7,735,058	3,642,346	7,056,533
Capitalized R&D expenses	(154,848)	(341,542)	(101,167)	(190,268)
<b>Total</b>	₩ 13,494,087	₩ 26,631,099	₩ 13,592,346	₩ 26,301,628

#### 19. Other Non-Operating Income and Expense

Details of other non-operating income and expense for the six months ended June 30, 2014 and 2013 are as follows:

<i>(In millions of Korean won)</i>	June 30, 2014		June 30, 2013	
	3 Months	6 Months	3 Months	6 Months
<b>Non-operating income</b>				
Dividend income	₩ 43,523	₩ 1,350,609	₩ 30,687	₩ 55,320
Rental income	20,999	45,856	26,886	51,370
Gain on disposal of investments	51,118	125,213	8,374	17,735
Gain on disposal of property, plant and equipment	84,380	127,747	19,092	46,271
Other	387,916	850,107	275,947	406,456
<b>Total</b>	₩ 587,936	₩ 2,499,532	₩ 360,986	₩ 577,152

<i>(In millions of Korean won)</i>	June 30, 2014		June 30, 2013	
	3 Months	6 Months	3 Months	6 Months
<b>Non-operating expense</b>				
Loss on disposal of property, plant and equipment	₩ 38,333	₩ 91,642	₩ 41,156	₩ 118,579
Donations	169,806	220,057	102,562	132,716
Loss on disposal of assets classified as held for sale	-	723,869	-	-
Other	128,002	250,544	129,489	337,227
<b>Total</b>	₩ 336,141	₩ 1,286,112	₩ 273,207	₩ 588,522

## Samsung Electronics Co., Ltd. and Subsidiaries

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 20. Finance Income and Expense

(A) Details of finance income and expense for the six months ended June 30, 2014 and 2013 are as follows:

<i>(In millions of Korean won)</i>	June 30, 2014		June 30, 2013	
	3 Months	6 Months	3 Months	6 Months
<b>Finance income</b>				
Interest income:	₩ 445,443	₩ 863,106	₩ 299,511	₩ 582,509
Interest income from loans and receivables	425,135	833,851	298,107	579,725
Interest income from available-for-sale financial assets	20,308	29,255	1,404	2,784
Foreign exchange differences	1,669,192	2,545,713	1,909,751	3,424,896
Gain on derivatives	122,170	278,277	121,781	251,259
<b>Total</b>	₩ 2,236,805	₩ 3,687,096	₩ 2,331,043	₩ 4,258,664

<i>(In millions of Korean won)</i>	June 30, 2014		June 30, 2013	
	3 Months	6 Months	3 Months	6 Months
<b>Finance expense</b>				
Interest expense:	₩ 145,630	₩ 288,185	₩ 131,008	₩ 254,873
Interest expense from financial liabilities measured at amortized cost	93,399	192,803	75,227	154,587
Other financial liabilities	52,231	95,382	55,781	100,286
Foreign exchange differences	1,655,820	2,637,040	2,055,597	3,467,615
Loss on derivatives	153,372	311,478	147,387	351,933
<b>Total</b>	₩ 1,954,822	₩ 3,236,703	₩ 2,333,992	₩ 4,074,421

(B) The Company recognizes foreign exchange gains and losses arising from foreign currency transactions and translation as finance income and expense.

#### 21. Income Tax Expense

Income tax expense is recognized based on management's best estimate of the average annual income tax rate expected for the full financial year. The average annual tax rate expected as of June 30, 2014 to be effective for the year ended December 31, 2014 is 20.7% (June 30, 2013: 20.9%).

#### 22. Earnings per Share

(A) Basic earnings per share

Basic earnings per share for the six months ended June 30, 2014 and 2013 are calculated as follows:

(1) Common stock

<i>(In millions of Korean won and thousands of shares)</i>	June 30, 2014		June 30, 2013	
	3 Months	6 Months	3 Months	6 Months
Net income as reported on the statements of income	₩ 6,176,506	₩ 13,661,186	₩ 7,575,016	₩ 14,551,934
Net income available for common stock	5,363,204	11,862,372	6,577,057	12,634,794
Weighted-average number of common shares outstanding (in thousands)	130,960	130,942	130,876	130,869
<b>Basic earnings per share (in Korean won)</b>	₩ 40,953	₩ 90,593	₩ 50,254	₩ 96,546

**Samsung Electronics Co., Ltd. and Subsidiaries**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(2) Preferred stock

<i>(In millions of Korean won and thousands of shares)</i>	<b>June 30, 2014</b>		<b>June 30, 2013</b>	
	<b>3 Months</b>	<b>6 Months</b>	<b>3 Months</b>	<b>6 Months</b>
Net income as reported on the statements of income	₩ 6,176,506	₩ 13,661,186	₩ 7,575,016	₩ 14,551,934
Net income available for preferred stock	813,302	1,798,814	997,959	1,917,140
Weighted-average number of preferred shares outstanding (in thousands)	19,854	19,854	19,854	19,854
Basic earnings per preferred share (in Korean won)	₩ 40,965	₩ 90,603	₩ 50,266	₩ 96,563

(B) Diluted earnings per share

The Company has one category of potentially dilutive ordinary shares: stock options. Dilutive earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Diluted earnings per share for the six months ended June 30, 2014 and 2013 are calculated as follows:

(1) Common stock

<i>(In millions of Korean won and thousands of shares)</i>	<b>June 30, 2014</b>		<b>June 30, 2013</b>	
	<b>3 Months</b>	<b>6 Months</b>	<b>3 Months</b>	<b>6 Months</b>
Net income available for common stock and common stock equivalents	₩ 5,363,227	₩ 11,862,545	₩ 6,577,421	₩ 12,635,570
Weighted-average number of shares of common stock and common stock equivalents (in thousands)	130,964	130,956	130,931	130,930
Diluted earnings per share (in Korean won)	₩ 40,952	₩ 90,584	₩ 50,236	₩ 96,506

(2) Preferred stock

<i>(In millions of Korean won and thousands of shares)</i>	<b>June 30, 2014</b>		<b>June 30, 2013</b>	
	<b>3 Months</b>	<b>6 Months</b>	<b>3 Months</b>	<b>6 Months</b>
Net income available for preferred stock and preferred stock equivalents	₩ 813,279	₩ 1,798,641	₩ 997,595	₩ 1,916,364
Weighted-average number of shares of preferred stock and preferred stock equivalents (in thousands)	19,854	19,854	19,854	19,854
Diluted earnings per preferred share (in Korean won)	₩ 40,964	₩ 90,595	₩ 50,247	₩ 96,524

## Samsung Electronics Co., Ltd. and Subsidiaries

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 23. Cash Flows Generated from Operating Activities

Adjustments and changes in assets and liabilities arising from operating activities for the six months ended June 30, 2014 and 2013 are as follows:

- Adjustments

<i>(In millions of Korean won)</i>	<b>2014</b>	<b>2013</b>
Adjustments for:		
Income tax expense	₩ 3,608,854	₩ 3,944,513
Finance income	(1,935,705)	(1,600,132)
Finance costs	973,222	1,324,829
Pension	687,306	487,599
Depreciation	8,205,273	7,585,960
Amortization	532,952	471,901
Bad debt expense	219,298	155,867
Gain on valuation of equity method	(94,141)	(390,251)
Gain on disposal of property, plant and equipment	(127,747)	(46,271)
Loss on disposal of property, plant and equipment	91,642	118,579
Obsolescence and scrapping of inventories	463,477	413,210
Loss on disposal of assets classified as held for sale	723,869	-
Dividend income	(1,350,609)	(55,320)
Other income/expenses	(554,950)	(133,515)
<b>Adjustments, total</b>	<b>₩ 11,442,741</b>	<b>₩ 12,276,969</b>

- Changes in assets and liabilities arising from operating activities

<i>(In millions of Korean won)</i>	<b>2014</b>	<b>2013</b>
Changes in assets and liabilities :		
Increase in trade receivables	₩ (1,122,574)	₩ (2,763,207)
Decrease in other receivables	768,408	464,040
Decrease (increase) in advances	23,588	(53,060)
Increase in prepaid expenses	(2,592,797)	(222,716)
Increase in inventories	(217,868)	(3,487,652)
Increase in trade payables	1,453,612	666,712
Increase in other payables	1,408,555	174,817
Decrease in advances received	(113,744)	(64,005)
Decrease (increase) in withholdings	(138,216)	265,946
Decrease (increase) in accrued expenses	(1,993,704)	285,546
Increase in provisions	628,135	3,040,582
Payment of severance benefits	(155,832)	(136,071)
Other	174,878	(520,366)
<b>Changes in net working capital, total</b>	<b>₩ (1,877,559)</b>	<b>₩ (2,349,434)</b>

## Samsung Electronics Co., Ltd. and Subsidiaries

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 24. 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 and domestic and foreign subsidiaries, the finance team periodically measures, evaluates and hedges financial risk and also establishes and implements the global financial risk management policy.

Additionally, financial risk management officers are dispatched to the regional headquarters of each area including the United States of America, England, Singapore, China, Japan, Brazil and Russia to operate the local financial center for global financial risk management.

The Company's financial assets that are under financial risk management are composed of 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 under financial risk management are composed of 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, primarily with respect to the United States of America, European Union, South America, Japan and other Asian countries. Revenues and expenses arise from foreign currency transactions and exchange positions, and the most widely used currencies are the US Dollar, EU's EURO, Japanese Yen and Chinese Yuan. Foreign exchange risk management of the Company is carried out by both SEC and its subsidiaries. To minimize foreign exchange risk arising from operating activities, the Company's foreign exchange risk management policy requires normal business transactions to be in local currency or for the cash-in currency to be matched up with the cash-out currency. The Company's foreign exchange risk management policy also defines foreign exchange risk, measurement period, controlling responsibilities, management procedures, hedging period and hedge ratio.

The Company limits all speculative foreign exchange transactions and operates a system to manage receivables and payables denominated in foreign currency. It evaluates, manages and reports foreign currency exposures of such receivables and payables.

##### (2) 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.

As of June 30, 2014 and 2013, a price fluctuation in relation to marketable equity securities by 1% would result in changes in other comprehensive income (before income tax) of ₩41,609 million and ₩43,993 million, respectively.

## **Samsung Electronics Co., Ltd. and Subsidiaries**

### **NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

#### (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. The Company is exposed to interest rate risk mainly through interest bearing liabilities and assets. The Company's position with regard to interest rate risk exposure is mainly driven by its debt obligations such as bonds, interest-bearing deposits and issuance of receivables. In order to minimize interest rate risk, the Company maintains minimum external borrowings 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 basis.

#### (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 the client's and counterparty's credit limits on a periodic basis based on the client's and 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 financial instruments. To minimize such risk, the Company transacts only with banks that 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 requires separate approval for contracts with restrictions.

Most of the Company's accounts receivable is adequately insured to manage risks, therefore, the Company estimates its credit risk exposure to be limited. 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 reasonable levels of liquidity risk is critical. The Company strives to achieve this goal by periodically forecasting its capital balance, 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 costs.

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.

## Samsung Electronics Co., Ltd. and Subsidiaries

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### (D) Capital risk management

The purpose of capital risk 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 the total liabilities by total equity in the consolidated financial statements.

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

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

<i>(In millions of Korean won)</i>	<b>June 30, 2014</b>		<b>December 31, 2013</b>	
Total liabilities	₩	65,209,610	₩	64,059,008
Total equity		159,513,464		150,016,010
<b>Total liabilities to equity ratio</b>		40.9%		42.7%

#### (E) 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:

<i>(In millions of Korean won)</i>	<b>June 30, 2014</b>		<b>December 31, 2013</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
<b>Financial assets</b>				
Cash and cash equivalents <sup>1</sup>	₩ 16,057,574	₩ -	₩ 16,284,780	₩ -
Short-term financial instruments <sup>1</sup>	41,692,883	-	36,722,702	-
Short-term available-for-sale financial assets <sup>1</sup>	2,912,533	-	1,488,527	-
Trade and other receivables <sup>1</sup>	24,432,856	-	24,988,532	-
Long-term available-for-sale financial assets <sup>2</sup>	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
<b>Total Financial assets</b>	₩ 102,442,156		₩ 91,195,877	
<b>Financial liabilities</b>				
Trade and other payables <sup>1</sup>	₩ 15,038,007	₩ -	₩ 16,314,720	₩ -
Short-term borrowings <sup>1</sup>	9,325,033	-	6,438,517	-
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 <sup>1</sup>	8,941,638	-	13,288,343	-
<b>Total financial liabilities</b>	₩ 39,327,520		₩ 39,361,479	

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

<sup>2</sup> Amount measured at cost (June 30, 2014: ₩412,885 million, December 31, 2013: ₩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.

## Samsung Electronics Co., Ltd. and Subsidiaries

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

  

		December 31, 2013			
<i>(In millions of Korean won)</i>	Level 1	Level 2	Level 3	Total balance	
Derivatives	₩ -	₩ 40,552	₩ -	₩ 40,552	
Available-for-sale financial assets <sup>1</sup>	5,656,806	1,188,498	493,378	7,338,682	
<b>Total assets</b>	5,656,806	1,229,050	493,378	7,379,234	
Derivatives	-	244,172	-	244,172	
<b>Total liabilities</b>	₩ -	₩ 244,172	₩ -	₩ 244,172	

<sup>1</sup> Amount measured at cost (June 30, 2014: ₩412,885 million, December 31, 2013: ₩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 markets (other than quoted prices included within Level 1)
- Level 3: Fair valuation based on inputs that are unobservable

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 techniques. These valuation techniques 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.



## Samsung Electronics Co., Ltd. and Subsidiaries

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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 techniques 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 techniques, 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 technique and the inputs

The Company utilizes a present value technique 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 technique and the inputs used for major financial instruments classified as Level 3.

*(In millions of Korean won)*

Classification	Fair Value	Valuation Technique	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% ~ 11.7% (8.58%) 11.90% ~ 16.61% (13.88%)

## Samsung Electronics Co., Ltd. and Subsidiaries

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(4) Changes in Level 3 financial instruments:

<i>(In millions of Korean won)</i>	<b>2014</b>	<b>2013</b>
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 sensitivity analysis for the effect on comprehensive income or loss (before tax) from changes in the inputs with respect to financial instruments which are categorized within Level 3 is as follows:

<i>(In millions of Korean won)</i>	<b>Favorable Changes</b>		<b>Unfavorable Changes</b>	
<b>Classification</b>	<b>Profit or Loss</b>	<b>Equity</b>	<b>Profit or Loss</b>	<b>Equity</b>
Long-term available for sale financial assets <sup>1</sup>	₩ -	₩ 226,812	₩ -	₩ (214,063)
Embedded derivatives (convertible bonds) <sup>2</sup>	579	579	(494)	(494)
<b>Total</b>	₩ 579	₩ 227,391	₩ (494)	₩ (214,557)

<sup>1</sup> 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.

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

## Samsung Electronics Co., Ltd. and Subsidiaries

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 25. Segment Information

##### (A) Reportable segment information

The chief operating decision maker has been identified as the Management Committee. The Management Committee is responsible for making strategic decisions based on review of the group's internal reporting. The Management Committee has determined the reportable segments based on these reports.

The Management Committee reviews operating profits of each reportable segment in order to assess performance and to make decisions about allocating resources to the segment.

The reportable segments are product based and include CE, IM, Semiconductor, DP and others. Depreciation, amortization of intangible assets, and operating profit were prepared after the allocation of internal transaction adjustments. Total assets and liabilities of each reportable segment are excluded from the disclosure as these have not been provided regularly to the Management Committee.

##### (1) For the six months ended June 30, 2014

<i>(In millions of Korean won)</i>	DS						Intercompany elimination within the group	Consolidated
	CE	IM	Total <sup>1</sup>	Semi conductor	DP	Total <sup>1</sup>		
Total segment revenue	59,481,654	129,346,379	63,256,060	35,393,643	25,725,314	252,897,694	(146,869,139)	106,028,555
Intercompany revenue	(35,161,983)	(68,452,020)	(31,468,769)	(16,215,670)	(13,299,474)	(146,869,139)	146,869,139	-
Net revenue <sup>2</sup>	24,319,671	60,894,359	31,787,291	19,177,973	12,425,840	106,028,555	-	106,028,555
Depreciation	298,104	358,612	7,252,938	5,006,990	2,142,053	8,205,273	-	8,205,273
Amortization	48,139	91,615	236,480	171,850	57,019	532,952	-	532,952
Operating profit	958,334	10,851,041	3,964,702	3,810,600	132,751	15,676,122	-	15,676,122

<sup>1</sup> Includes other amounts not included in specific reportable segments.

<sup>2</sup> Segment net revenue includes intersegment revenues.

##### (2) For the three months ended June 30, 2014

<i>(In millions of Korean Won)</i>	DS						Intercompany elimination within the group	Consolidated
	CE	IM	Total <sup>1</sup>	Semi conductor	DP	Total <sup>1</sup>		
Total segment revenue	31,641,543	61,487,119	32,578,287	18,257,595	13,290,044	126,193,693	(73,840,464)	52,353,229
Intercompany revenue	(18,638,114)	(33,034,774)	(16,347,455)	(8,473,734)	(6,960,956)	(73,840,464)	73,840,464	-
Net revenue <sup>2</sup>	13,003,429	28,452,345	16,230,832	9,783,861	6,329,088	52,353,229	-	52,353,229
Depreciation	147,513	185,933	3,718,861	2,596,840	1,070,347	4,201,189	-	4,201,189
Amortization	24,173	47,258	127,253	94,485	28,972	280,615	-	280,615
Operating profit	766,666	4,422,371	2,093,944	1,861,425	216,325	7,187,323	-	7,187,323

<sup>1</sup> Includes other amounts not included in specific operating segments.

<sup>2</sup> Segment net revenue includes intersegment revenues.

**Samsung Electronics Co., Ltd. and Subsidiaries**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(3) For the six months ended June 30, 2013

<i>(In millions of Korean Won)</i>	DS						Intercompany elimination within the group	Consolidated
	CE	IM	Total <sup>1</sup>	Semi conductor	DP	Total <sup>1</sup>		
Total segment revenue	58,245,577	147,497,108	63,687,449	31,530,793	31,425,221	268,508,809	(158,176,266)	110,332,543
Intercompany revenue	(34,227,723)	(79,138,817)	(30,825,778)	(14,275,268)	(16,135,023)	(158,176,266)	158,176,266	-
Net revenue <sup>2</sup>	24,017,854	68,358,291	32,861,671	17,255,525	15,290,198	110,332,543	-	110,332,543
Depreciation	330,029	299,350	6,729,456	4,570,210	2,065,698	7,585,960	-	7,585,960
Amortization	45,565	92,815	195,582	139,226	48,768	471,901	-	471,901
Operating profit	663,483	12,791,394	4,765,970	2,830,611	1,888,765	18,310,141	-	18,310,141

<sup>1</sup> Includes other amounts not included in specific operating segments.

<sup>2</sup> Segment net revenue includes intersegment revenues.

(4) For the three months ended June 30, 2013

<i>(In millions of Korean Won)</i>	DS						Intercompany elimination within the group	Consolidated
	CE	IM	Total <sup>1</sup>	Semi conductor	DP	Total <sup>1</sup>		
Total segment revenue	31,538,088	78,597,799	33,102,197	15,745,130	16,640,179	142,859,446	(85,394,998)	57,464,448
Intercompany revenue	(18,762,822)	(43,059,421)	(16,050,885)	(7,066,047)	(8,457,850)	(85,394,998)	85,394,998	-
Net revenue <sup>2</sup>	12,775,266	35,538,378	17,051,312	8,679,083	8,182,329	57,464,448	-	57,464,448
Depreciation	170,750	154,917	3,368,379	2,273,890	1,044,312	3,810,492	-	3,810,492
Amortization	23,508	46,330	100,653	71,241	25,488	240,303	-	240,303
Operating profit	429,284	6,284,436	2,920,771	1,758,712	1,121,828	9,530,683	-	9,530,683

<sup>1</sup> Includes other amounts not included in specific operating segments.

<sup>2</sup> Segment net revenue includes intersegment revenues.

(B) Regional information

The regional segment information provided to the Management Committee for the reportable segments as of and for the three and six months ended June 30, 2014 and 2013 is as follows:

(1) As of and for the six months ended June 30, 2014

<i>(In millions of Korean won)</i>	DS						Intercompany elimination within the group	Consolidated
	Korea	America	Europe	Asia and Africa	China	Total <sup>1</sup>		
Total segment revenue	88,038,280	44,753,982	33,777,691	38,712,140	47,615,601	252,897,694	(146,869,139)	106,028,555
Intercompany revenue	(76,778,349)	(11,424,636)	(12,214,020)	(16,750,069)	(29,702,065)	(146,869,139)	146,869,139	-
Revenue from external customers	11,259,931	33,329,346	21,563,671	21,962,071	17,913,536	106,028,555	-	106,028,555
Non-current assets <sup>1</sup>	60,563,164	6,808,875	977,840	3,271,162	8,704,515	79,813,942	(511,614)	79,813,942

<sup>1</sup> Total of non-current assets other than financial instruments, deferred tax assets, and investments in associates and joint ventures.

## Samsung Electronics Co., Ltd. and Subsidiaries

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(2) As of and for the three months ended June 30, 2014

<i>(In millions of Korean won)</i>	<b>Korea</b>	<b>America</b>	<b>Europe</b>	<b>Asia and Africa</b>	<b>China</b>	<b>Intercompany elimination within the group</b>	<b>Consolidated</b>
Total segment revenue	43,662,559	24,162,198	15,621,399	20,072,673	22,674,864	(73,840,464)	52,353,229
Intercompany revenue	(38,192,712)	(6,270,472)	(5,854,894)	(8,942,932)	(14,579,454)	73,840,464	-
Revenue from external customers	5,469,847	17,891,726	9,766,505	11,129,741	8,095,410	-	52,353,229
Non-current assets <sup>1</sup>	60,563,164	6,808,875	977,840	3,271,162	8,704,515	(511,614)	79,813,942

<sup>1</sup> Total of non-current assets other than financial instruments, deferred tax assets, and investments in associates and joint ventures.

(3) As of and for the six months ended June 30, 2013

<i>(In millions of Korean won)</i>	<b>Korea</b>	<b>America</b>	<b>Europe</b>	<b>Asia and Africa</b>	<b>China</b>	<b>Intercompany elimination within the group</b>	<b>Consolidated</b>
Total segment revenue	95,032,154	42,081,504	38,298,463	37,235,357	55,861,331	(158,176,266)	110,332,543
Intercompany revenue	(82,438,799)	(10,921,946)	(12,821,114)	(15,478,697)	(36,515,710)	158,176,266	-
Revenue from external customers	12,593,355	31,159,558	25,477,349	21,756,660	19,345,621	-	110,332,543
Non-current assets <sup>1</sup>	60,238,377	7,906,887	1,064,548	2,425,733	3,499,294	(674,536)	74,460,303

<sup>1</sup> Total of non-current assets other than financial instruments, deferred tax assets, and investments in associates and joint ventures.

(4) As of and for the three months ended June 30, 2013

<i>(In millions of Korean Won)</i>	<b>Korea</b>	<b>America</b>	<b>Europe</b>	<b>Asia and Africa</b>	<b>China</b>	<b>Intercompany elimination within the group</b>	<b>Consolidated</b>
Total segment revenue	50,105,857	23,761,015	18,584,636	20,069,112	30,338,826	(85,394,998)	57,464,448
Intercompany revenue	(44,602,360)	(5,983,857)	(6,184,625)	(8,377,161)	(20,246,995)	85,394,998	-
Revenue from external customers	5,503,497	17,777,158	12,400,011	11,691,951	10,091,831	-	57,464,448
Non-current assets <sup>1</sup>	60,238,377	7,906,887	1,064,548	2,425,733	3,499,294	(674,536)	74,460,303

<sup>1</sup> Total of non-current assets other than financial instruments, deferred tax assets, and investments in associates and joint ventures.

## Samsung Electronics Co., Ltd. and Subsidiaries

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 26. Related Party Transactions

##### (A) Sale and purchase transactions

Sales and purchase transactions with related parties for the six months ended June 30, 2014 and 2013 are as follows:

##### (1) June 30, 2014

<i>(In millions of Korean won)</i>	Name of Company <sup>1</sup>	Sales	Disposal of fixed assets	Purchases	Purchase of fixed assets
Associates	Samsung SDS	₩ 17,441	₩ -	₩ 959,330	₩ 117,622
	Samsung Electro-Mechanics	17,280	110	1,221,038	-
	Samsung SDI	32,839	-	371,318	4,619
	Samsung Techwin	9,169	-	33,240	50,854
	Other	340,997	-	3,270,598	203,792
	<b>Total (associates)</b>	<b>₩ 417,726</b>	<b>₩ 110</b>	<b>₩ 5,855,524</b>	<b>₩ 376,887</b>
Joint ventures	Samsung Corning Precision Materials <sup>2</sup>	164	-	67,826	-
	Siltronic Samsung Wafer	-	-	75,043	-
	Other	1,421	647	80,458	-
	<b>Total (joint ventures)</b>	<b>₩ 1,585</b>	<b>₩ 647</b>	<b>₩ 223,327</b>	<b>₩ -</b>
Other related parties	Samsung Everland	3,551	-	51,123	167,866
	Other	65,228	-	188,912	61,957
	<b>Total (other related parties)</b>	<b>₩ 68,779</b>	<b>₩ -</b>	<b>₩ 240,035</b>	<b>₩ 229,823</b>

<sup>1</sup> Transactions with separate entities that are related parties of the Company.

<sup>2</sup> During the six months ended June 30, 2014, the Company sold all of its investment in Samsung Corning Precision Materials.

##### (2) June 30, 2013

<i>(In millions of Korean won)</i>	Name of Company <sup>1</sup>	Sales	Disposal of fixed assets	Purchases	Purchase of fixed assets
Associates	Samsung SDS	₩ 18,925	₩ 706	₩ 814,162	₩ 144,370
	Samsung Electro-Mechanics	30,957	-	1,425,436	74
	Samsung SDI	32,429	-	290,467	140
	Samsung SNS	6,622	-	83,381	1,195
	Samsung Techwin	7,370	-	42,891	22,979
	Other	216,838	-	2,737,892	81,284
	<b>Total (associates)</b>	<b>₩ 313,141</b>	<b>₩ 706</b>	<b>₩ 5,394,229</b>	<b>₩ 250,042</b>
Joint ventures	Samsung Corning Precision Materials	3,706	-	932,330	-
	Siltronic Samsung Wafer	-	-	106,370	-
	Other	610	-	29,469	-
	<b>Total (joint ventures)</b>	<b>₩ 4,316</b>	<b>₩ -</b>	<b>₩ 1,068,169</b>	<b>₩ -</b>
Other related parties	Samsung Everland	5,076	-	250,975	149,039
	Other	735	-	4,253	-
	<b>Total (other related parties)</b>	<b>₩ 5,811</b>	<b>₩ -</b>	<b>₩ 255,228</b>	<b>₩ 149,039</b>

<sup>1</sup> Transactions with separate entities that are related parties of the Company.

## Samsung Electronics Co., Ltd. and Subsidiaries

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### (B) Balances of receivables and payables

Balances of receivables and payables arising from sales and purchases of goods and services as of June 30, 2014 and December 31, 2013 are as follows:

##### (1) As of June 30, 2014

<i>(In millions of Korean won)</i>	<b>Name of Company<sup>1</sup></b>	<b>Receivables</b>		<b>Payables</b>	
Associates	Samsung SDS	₩	4,563	₩	357,019
	Samsung Electro-Mechanics		3,137		279,535
	Samsung SDI		2,620		89,269
	Samsung Techwin		2,662		36,078
	Other		123,523		572,339
	<b>Total (associates)</b>	₩	136,505	₩	1,334,240
Joint ventures	Siltronic Samsung Wafer		12,023		9,334
	Other		513		31,284
	<b>Total (joint ventures)</b>	₩	12,536	₩	40,618
Other related parties	Samsung Everland		188,356		122,610
	Other		23,909		33,801
	<b>Total (other related parties)</b>	₩	212,265	₩	156,411

<sup>1</sup> Balances due from and to separate entities that are related parties of the Company.

##### (2) As of December 31, 2013

<i>(In millions of Korean won)</i>	<b>Name of Company<sup>1</sup></b>	<b>Receivables</b>		<b>Payables</b>	
Associates	Samsung SDS	₩	11,319	₩	479,417
	Samsung Electro-Mechanics		5,972		168,494
	Samsung SDI		4,863		39,207
	Samsung Techwin		1,879		44,286
	Other		65,714		477,446
	<b>Total (associates)</b>	₩	89,747	₩	1,208,850
Joint ventures	Samsung Corning Precision Materials		3,514		266,400
	Siltronic Samsung Wafer		-		1,454
	Other		3		25
<b>Total (joint ventures)</b>	₩	3,517	₩	267,879	
Other related parties	Samsung Everland		188,982		282,777
	Other		24,494		25,402
	<b>Total (other related parties)</b>	₩	213,476	₩	308,179

<sup>1</sup> Balances due from and to separate entities that are related parties of the Company.

#### (C) Key management compensation

The compensation paid or payable to key management (registered directors) for the the six months ended June30, 2014 and 2013 consists of:

<i>(In millions of Korean won)</i>	<b>2014</b>		<b>2013</b>	
Salaries and Bonus	₩	14,980	₩	3,811
Severance benefits		487		347
Other long-term benefits		3,569		3,701

## **Samsung Electronics Co., Ltd. and Subsidiaries**

### **NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

#### **27. Subsequent Events**

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