INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF
SAMSUNG ELECTRONICS CO., LTD. AND ITS SUBSIDIARIES
INDEX TO FINANCIAL STATEMENTS

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Report on Review of Interim Financial Statements

(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of Samsung Electronics Co., Ltd.

Reviewed Financial Statements
We have reviewed the accompanying interim consolidated financial statements of Samsung Electronics Co., Ltd. and its subsidiaries (collectively referred to as the “Company”). These interim consolidated financial statements consist of the interim consolidated statements of financial position of the Company as of September 30, 2019, and the related interim consolidated statements of profit or loss and comprehensive income for the three and nine months ended September 30, 2019 and 2018, and the interim consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2019 and 2018, and a summary of significant accounting policies and other explanatory notes, expressed in Korean won.

Management’s Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“Korean IFRS”) 1034 Interim Financial Reporting, and for such internal control as management determines is necessary to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility
Our responsibility is to issue a report on these interim consolidated financial statements based on our review.

We conducted our review in accordance with the quarterly or semi-annual review standards established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
Conclusion

Based on our review, nothing has come to our attention that causes us to believe the accompanying interim consolidated financial statements are not presented fairly, in all material respects, in accordance with Korean IFRS 1034 Interim Financial Reporting.

Other Matters

We have audited the consolidated statement of financial position of the Company as of December 31, 2018, and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, in accordance with Korean Standards on Auditing. We expressed an unqualified opinion on those financial statements, not presented herein, in our audit report dated February 27, 2019. The consolidated statement of financial position as of December 31, 2018, presented herein for comparative purposes, is consistent, in all material respects, with the above audited consolidated statement of financial position as of December 31, 2018.

Review standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to review such financial statements may differ from those generally accepted and applied in other countries.

November 13, 2019
Seoul, Korea

This report is effective as of November 13, 2019, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying interim consolidated financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.
### Samsung Electronics Co., Ltd. and its subsidiaries

**INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

*(In millions of Korean won, in thousands of US dollars (Note 2.4))*

<table>
<thead>
<tr>
<th>Notes</th>
<th>September 30, 2019</th>
<th>December 31, 2018</th>
<th>September 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KRW</td>
<td>USD</td>
<td>KRW</td>
<td>USD</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>3, 25</td>
<td>26,604,994</td>
<td>30,340,505</td>
<td>22,901,974</td>
</tr>
<tr>
<td>Short-term financial instruments</td>
<td>3, 25</td>
<td>69,476,971</td>
<td>65,893,797</td>
<td>59,806,808</td>
</tr>
<tr>
<td>Short-term financial assets at amortized cost</td>
<td>3, 25</td>
<td>4,021,901</td>
<td>2,703,693</td>
<td>3,462,112</td>
</tr>
<tr>
<td>Short-term financial assets at fair value through profit or loss</td>
<td>3, 4, 25</td>
<td>1,842,611</td>
<td>2,001,948</td>
<td>1,586,147</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>3, 25</td>
<td>40,367,204</td>
<td>33,867,733</td>
<td>34,748,689</td>
</tr>
<tr>
<td>Non-trade receivables</td>
<td>3, 25</td>
<td>3,510,901</td>
<td>3,080,733</td>
<td>3,022,236</td>
</tr>
<tr>
<td>Advance payments</td>
<td>3, 25</td>
<td>1,665,164</td>
<td>1,361,807</td>
<td>1,433,398</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>3, 25</td>
<td>4,845,137</td>
<td>4,136,167</td>
<td>4,170,766</td>
</tr>
<tr>
<td>Inventories</td>
<td>5</td>
<td>30,908,762</td>
<td>28,984,704</td>
<td>26,606,721</td>
</tr>
<tr>
<td>Other current assets</td>
<td>3, 25</td>
<td>2,798,489</td>
<td>2,326,337</td>
<td>2,408,980</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>186,042,134</td>
<td>174,697,424</td>
<td>160,147,831</td>
<td>150,382,136</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets at amortized cost</td>
<td>3, 25</td>
<td>134,641</td>
<td>238,309</td>
<td>115,901</td>
</tr>
<tr>
<td>Financial assets at fair value through other comprehensive income</td>
<td>3, 4, 25</td>
<td>8,728,038</td>
<td>7,301,351</td>
<td>7,513,225</td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td>3, 4, 25</td>
<td>962,889</td>
<td>775,427</td>
<td>828,869</td>
</tr>
<tr>
<td>Investments in associates and joint ventures</td>
<td>6</td>
<td>7,536,935</td>
<td>7,313,206</td>
<td>6,487,906</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>7</td>
<td>116,855,571</td>
<td>115,416,724</td>
<td>100,591,011</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>8</td>
<td>15,705,674</td>
<td>14,891,598</td>
<td>13,519,677</td>
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<tr>
<td>Long-term prepaid expenses</td>
<td>4, 178,381</td>
<td>5,009,679</td>
<td>3,596,812</td>
<td>4,312,406</td>
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<tr>
<td>Net defined benefit assets</td>
<td>11</td>
<td>29,506</td>
<td>562,356</td>
<td>25,399</td>
</tr>
<tr>
<td>Deferred income tax assets</td>
<td>5, 461,996</td>
<td>5,468,002</td>
<td>4,701,767</td>
<td>4,706,937</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>3, 25</td>
<td>7,750,220</td>
<td>7,683,168</td>
<td>6,671,505</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>353,385,985</td>
<td>339,357,244</td>
<td>304,199,903</td>
<td>292,123,754</td>
</tr>
</tbody>
</table>

The above interim consolidated statements of financial position should be read in conjunction with the accompanying notes.
Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In millions of Korean won, in thousands of US dollars (Note 2.4))

<table>
<thead>
<tr>
<th>Notes</th>
<th>September 30, 2019</th>
<th>December 31, 2018</th>
<th>September 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KRW</td>
<td>KRW</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>Liabilities and Equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables</td>
<td>3, 25</td>
<td>11,422,269</td>
<td>8,479,916</td>
<td>9,832,459</td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td>3, 9, 25</td>
<td>12,330,248</td>
<td>13,586,660</td>
<td>10,614,061</td>
</tr>
<tr>
<td>Other payables</td>
<td>3, 25</td>
<td>10,017,386</td>
<td>10,711,536</td>
<td>8,623,115</td>
</tr>
<tr>
<td>Advances received</td>
<td>14</td>
<td>844,237</td>
<td>820,265</td>
<td>726,732</td>
</tr>
<tr>
<td>Withholdings</td>
<td>3</td>
<td>937,500</td>
<td>951,254</td>
<td>807,014</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>3, 14</td>
<td>17,179,210</td>
<td>20,339,687</td>
<td>14,788,119</td>
</tr>
<tr>
<td>Income tax payable</td>
<td>2,318,190</td>
<td>8,720,050</td>
<td>1,995,532</td>
<td>7,506,349</td>
</tr>
<tr>
<td>Current portion of long-term liabilities</td>
<td>2, 3, 9, 10, 25</td>
<td>792,467</td>
<td>33,386</td>
<td>682,167</td>
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<tr>
<td>Provisions</td>
<td>12</td>
<td>6,206,070</td>
<td>4,384,038</td>
<td>5,342,277</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>3, 14, 25</td>
<td>1,255,615</td>
<td>1,054,718</td>
<td>1,080,852</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>63,303,192</td>
<td>69,081,510</td>
<td>54,492,328</td>
<td>59,466,389</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debentures</td>
<td>3, 10, 25</td>
<td>1,008,058</td>
<td>961,972</td>
<td>867,751</td>
</tr>
<tr>
<td>Long-term borrowings</td>
<td>2, 3, 9, 25</td>
<td>2,002,565</td>
<td>85,085</td>
<td>1,723,838</td>
</tr>
<tr>
<td>Long-term other payables</td>
<td>3, 25</td>
<td>2,408,246</td>
<td>3,194,043</td>
<td>2,073,054</td>
</tr>
<tr>
<td>Net defined benefit liabilities</td>
<td>11</td>
<td>724,085</td>
<td>504,064</td>
<td>623,303</td>
</tr>
<tr>
<td>Deferred income tax liabilities</td>
<td></td>
<td>17,185,000</td>
<td>15,162,523</td>
<td>14,793,103</td>
</tr>
<tr>
<td>Long-term provisions</td>
<td>12</td>
<td>1,054,683</td>
<td>663,619</td>
<td>907,887</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>3, 14, 25</td>
<td>2,257,912</td>
<td>1,951,251</td>
<td>1,943,644</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>89,943,741</td>
<td>91,604,067</td>
<td>77,424,908</td>
<td>78,854,141</td>
</tr>
</tbody>
</table>

The above interim consolidated statements of financial position should be read in conjunction with the accompanying notes.
Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In millions of Korean won, in thousands of US dollars (Note 2.4))

<table>
<thead>
<tr>
<th>Notes</th>
<th>September 30, 2019</th>
<th>December 31, 2018</th>
<th>September 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KRW</td>
<td>KRW</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>Equity attributable to owners of the parent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preference shares</td>
<td>15</td>
<td>119,467</td>
<td>119,467</td>
<td>102,840</td>
</tr>
<tr>
<td>Ordinary shares</td>
<td>15</td>
<td>778,047</td>
<td>778,047</td>
<td>669,754</td>
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<tr>
<td>Share premium</td>
<td></td>
<td>4,403,893</td>
<td>4,403,893</td>
<td>3,790,936</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>16</td>
<td>251,761,348</td>
<td>242,698,956</td>
<td>216,719,906</td>
</tr>
<tr>
<td>Other components of equity</td>
<td>17</td>
<td>(1,659,305)</td>
<td>(7,931,370)</td>
<td>(1,428,354)</td>
</tr>
<tr>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td></td>
<td>8,038,794</td>
<td>7,684,184</td>
<td>6,919,913</td>
</tr>
<tr>
<td>Total equity</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Total liabilities and equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The above interim consolidated statements of financial position should be read in conjunction with the accompanying notes.
Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(In millions of Korean won, in thousands of US dollars (Note 2.4))

The above interim consolidated statements of profit or loss should be read in conjunction with the accompanying notes.

| Notes | For the three months ended September 30, | For the nine months ended September 30, |  |
|---|---|---|---|---|---|---|---|---|
| Revenue | KRW | KRW | USD | USD | KRW | KRW | USD | USD |
| Cost of sales | 62,003,471 | 65,459,993 | 53,373,508 | 56,348,934 | 170,516,121 | 184,506,365 | 146,782,809 | 158,825,818 |
| Selling and administrative expenses | 22,009,581 | 30,265,635 | 18,946,174 | 26,053,108 | 61,831,095 | 86,127,938 | 53,225,125 | 74,140,208 |
| Operating profit | 18, 19 | 14,231,689 | 12,690,770 | 12,250,849 | 10,924,403 | 41,222,856 | 38,041,868 | 35,485,247 | 32,747,005 |
| Profit before income tax | 7,777,892 | 17,574,865 | 6,695,325 | 15,128,705 | 20,608,239 | 48,086,070 | 17,739,878 | 41,393,203 |
| Income tax expense | 20 | 496,993 | 176,612 | 427,819 | 152,030 | 1,178,934 | 915,176 | 1,014,844 | 787,797 |
| Operating profit | 20 | 305,145 | 152,354 | 262,673 | 131,149 | 875,159 | 620,026 | 753,350 | 533,728 |
| Other non-operating income | 6 | 110,499 | 118,455 | 95,119 | 101,968 | 252,673 | 289,126 | 217,504 | 248,884 |
| Financial income | 21 | 2,796,372 | 2,501,153 | 2,407,159 | 2,153,030 | 7,864,491 | 7,903,413 | 6,769,871 | 6,803,375 |
| Financial expenses | 21 | 2,255,883 | 2,249,387 | 1,941,898 | 1,936,306 | 6,316,107 | 7,021,672 | 5,436,999 | 6,044,359 |
| Operating profit | 8,620,728 | 17,969,344 | 7,420,851 | 15,468,278 | 22,713,070 | 49,552,087 | 19,551,748 | 42,655,172 |
| Income tax expense | 22 | 2,333,064 | 4,818,629 | 2,008,331 | 4,147,947 | 6,201,245 | 13,669,416 | 5,338,124 | 11,766,836 |
| Profit for the period | 6,287,664 | 13,150,715 | 5,412,515 | 11,320,331 | 16,511,825 | 35,882,671 | 14,213,624 | 30,888,336 |
| Profit attributable to owners of the parent | 6,105,039 | 12,967,428 | 5,255,308 | 11,162,555 | 16,277,059 | 35,560,808 | 14,011,534 | 30,611,272 |
| Profit attributable to non-controlling interests | 182,625 | 183,287 | 157,207 | 157,776 | 234,766 | 321,863 | 202,090 | 277,064 |
| Earnings per share (in Korean won, in US dollars) | 23 | 899 | 1,909 | 0.77 | 1.64 | 2,396 | 5,234 | 2.06 | 4.51 |
| - Basic | 899 | 1,909 | 0.77 | 1.64 | 2,396 | 5,234 | 2.06 | 4.51 |
| - Diluted | 899 | 1,909 | 0.77 | 1.64 | 2,396 | 5,234 | 2.06 | 4.51 |

The above interim consolidated statements of profit or loss should be read in conjunction with the accompanying notes.
### INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions of Korean won, in thousands of US dollars (Note 2.4))

<table>
<thead>
<tr>
<th>Notes</th>
<th>For the three months ended September 30,</th>
<th>For the nine months ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KRW</td>
<td>KRW</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>6,287,664</td>
<td>13,150,715</td>
</tr>
<tr>
<td>Other comprehensive income (loss)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that will not to be reclassified to profit or loss subsequently:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on valuation of financial assets at fair value through other comprehensive income, net of tax</td>
<td>17</td>
<td>188,193</td>
</tr>
<tr>
<td>Share of other comprehensive income (loss) of associates and joint ventures, net of tax</td>
<td>17</td>
<td>(905)</td>
</tr>
<tr>
<td>Remeasurement of net defined benefit assets, net of tax</td>
<td>17</td>
<td>(15,231)</td>
</tr>
<tr>
<td>Items to be reclassified to profit or loss subsequently:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of other comprehensive income of associates and joint ventures, net of tax</td>
<td>17</td>
<td>36,397</td>
</tr>
<tr>
<td>Foreign currency translation, net of tax</td>
<td>17</td>
<td>1,609,488</td>
</tr>
<tr>
<td>Gain (loss) on valuation of derivatives</td>
<td>17</td>
<td>6,031</td>
</tr>
<tr>
<td>Other comprehensive income (loss) for the period, net of tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,823,973</td>
<td>(1,762,131)</td>
<td>1,570,103</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>8,111,637</td>
<td>11,388,584</td>
</tr>
<tr>
<td>Comprehensive income attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of the parent</td>
<td>7,917,242</td>
<td>11,209,717</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>194,395</td>
<td>178,867</td>
</tr>
</tbody>
</table>

The above interim consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.
### INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

*(In millions of Korean won)*

<table>
<thead>
<tr>
<th>2018 KRW</th>
<th>Preference shares</th>
<th>Ordinary shares</th>
<th>Share premium</th>
<th>Retained earnings</th>
<th>Other components of equity</th>
<th>Equity attributable to owners of the parent</th>
<th>Non-controlling interests</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of January 1, 2018</td>
<td>119,467</td>
<td>778,047</td>
<td>4,403,893</td>
<td>215,811,200</td>
<td>(13,899,191)</td>
<td>207,213,416</td>
<td>7,278,012</td>
<td>214,491,428</td>
</tr>
<tr>
<td>Cumulative effect of changes in accounting principles</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>220,176</td>
<td>(261,734)</td>
<td>(41,558)</td>
<td>-</td>
<td>(41,558)</td>
</tr>
<tr>
<td>Restated total equity at the beginning of the financial period</td>
<td>119,467</td>
<td>778,047</td>
<td>4,403,893</td>
<td>216,031,376</td>
<td>(14,160,925)</td>
<td>207,171,858</td>
<td>7,278,012</td>
<td>214,449,870</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>35,560,808</td>
<td>-</td>
<td>35,560,808</td>
<td>321,863</td>
<td>35,882,671</td>
</tr>
<tr>
<td>Gain on valuation of financial assets at fair value through other comprehensive income, net of tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,013</td>
<td>196,170</td>
<td>199,183</td>
<td>32,199</td>
<td>231,382</td>
</tr>
<tr>
<td>Share of other comprehensive income of associates and joint ventures, net of tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>31,657</td>
<td>31,657</td>
<td>122</td>
<td>31,779</td>
</tr>
<tr>
<td>Foreign currency translation, net of tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>163,647</td>
<td>163,647</td>
<td>388</td>
<td>164,035</td>
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<tr>
<td>Remeasurement of net defined benefit assets, net of tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(72,385)</td>
<td>(72,385)</td>
<td>(69)</td>
<td>(72,454)</td>
<td></td>
</tr>
<tr>
<td>Gain on valuation of derivatives</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>32,219</td>
<td>32,219</td>
<td>-</td>
<td>32,219</td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>35,563,821</td>
<td>351,308</td>
<td>35,915,129</td>
<td>354,503</td>
<td>36,269,632</td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(7,738,740)</td>
<td>-</td>
<td>(7,738,740)</td>
<td>(7,935)</td>
<td>(7,746,675)</td>
</tr>
<tr>
<td>Capital transaction under common control</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,719</td>
<td>1,719</td>
<td>1,254</td>
<td>2,973</td>
</tr>
<tr>
<td>Changes in consolidated entities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(39)</td>
<td>(39)</td>
</tr>
<tr>
<td>Acquisition of treasury shares</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(875,111)</td>
<td>(875,111)</td>
<td>-</td>
<td>(875,111)</td>
<td></td>
</tr>
<tr>
<td>Retirement of treasury shares</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(2,228,135)</td>
<td>2,228,135</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,525</td>
<td>1,525</td>
<td>-</td>
<td>985</td>
<td>2,510</td>
</tr>
<tr>
<td><strong>Total transactions with owners</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(9,966,875)</td>
<td>1,356,268</td>
<td>(8,610,607)</td>
<td>(5,735)</td>
<td>(8,616,342)</td>
</tr>
<tr>
<td>Balance as of September 30, 2018</td>
<td>119,467</td>
<td>778,047</td>
<td>4,403,893</td>
<td>241,628,322</td>
<td>(12,453,349)</td>
<td>234,476,380</td>
<td>7,626,780</td>
<td>242,103,160</td>
</tr>
</tbody>
</table>

The above interim consolidated statements of changes in equity should be read in conjunction with the accompanying notes.
Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of US dollars (Note 2.4))

<table>
<thead>
<tr>
<th>2018 USD</th>
<th>Notes</th>
<th>Preference shares</th>
<th>Ordinary shares</th>
<th>Share premium</th>
<th>Retained earnings</th>
<th>Other components of equity</th>
<th>Equity attributable to owners of the parent</th>
<th>Non-controlling interests</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance as of January 1, 2018</strong></td>
<td>102,840</td>
<td>669,754</td>
<td>3,790,936</td>
<td>185,773,485</td>
<td>(11,964,630)</td>
<td>178,372,385</td>
<td>6,265,021</td>
<td>184,637,406</td>
<td></td>
</tr>
<tr>
<td><strong>Cumulative effect of changes in accounting principles</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>189,531</td>
<td>(225,305)</td>
<td>(35,774)</td>
<td>-</td>
<td>(35,774)</td>
<td></td>
</tr>
<tr>
<td><strong>Restated total equity at the beginning of the financial period</strong></td>
<td>102,840</td>
<td>669,754</td>
<td>3,790,936</td>
<td>185,963,016</td>
<td>(12,189,935)</td>
<td>178,336,611</td>
<td>6,265,021</td>
<td>184,601,632</td>
<td></td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>30,611,272</td>
<td>-</td>
<td>30,611,272</td>
<td>277,064</td>
<td>30,888,336</td>
<td></td>
</tr>
<tr>
<td><strong>Gain on valuation of financial assets at fair value through other comprehensive income, net of tax</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,593</td>
<td>168,866</td>
<td>171,459</td>
<td>27,718</td>
<td>199,177</td>
<td></td>
</tr>
<tr>
<td><strong>Share of other comprehensive income of associates and joint ventures, net of tax</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>27,251</td>
<td>27,251</td>
<td>104</td>
<td>27,355</td>
<td></td>
</tr>
<tr>
<td><strong>Foreign currency translation, net of tax</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>140,870</td>
<td>140,870</td>
<td>334</td>
<td>141,204</td>
<td></td>
</tr>
<tr>
<td><strong>Remeasurement of net defined benefit assets, net of tax</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(62,310)</td>
<td>(62,310)</td>
<td>(59)</td>
<td>(62,369)</td>
<td></td>
</tr>
<tr>
<td><strong>Gain on valuation of derivatives</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>27,735</td>
<td>27,735</td>
<td>-</td>
<td>27,735</td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>30,613,865</td>
<td>302,412</td>
<td>30,916,277</td>
<td>305,161</td>
<td>31,221,438</td>
<td></td>
</tr>
<tr>
<td><strong>Dividends</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(6,661,622)</td>
<td>-</td>
<td>(6,661,622)</td>
<td>(6,831)</td>
<td>(6,668,453)</td>
<td></td>
</tr>
<tr>
<td><strong>Capital transaction under common control</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,480</td>
<td>1,480</td>
<td>1,079</td>
<td>2,559</td>
<td></td>
</tr>
<tr>
<td><strong>Changes in consolidated entities</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(34)</td>
<td>(34)</td>
<td></td>
</tr>
<tr>
<td><strong>Acquisition of treasury shares</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(753,309)</td>
<td>(753,309)</td>
<td>-</td>
<td>(753,309)</td>
<td></td>
</tr>
<tr>
<td><strong>Retirement of treasury shares</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,918,012)</td>
<td>1,918,012</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,313</td>
<td>1,313</td>
<td>848</td>
<td>2,161</td>
<td></td>
</tr>
<tr>
<td><strong>Total transactions with owners</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(8,579,634)</td>
<td>1,167,496</td>
<td>(7,412,138)</td>
<td>(4,938)</td>
<td>(7,417,076)</td>
<td></td>
</tr>
<tr>
<td><strong>Balance as of September 30, 2018</strong></td>
<td>102,840</td>
<td>669,754</td>
<td>3,790,936</td>
<td>207,997,247</td>
<td>(10,720,027)</td>
<td>201,840,750</td>
<td>6,565,244</td>
<td>208,405,994</td>
<td></td>
</tr>
</tbody>
</table>

The above interim consolidated statements of changes in equity should be read in conjunction with the accompanying notes.
Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In millions of Korean won)

<table>
<thead>
<tr>
<th>2019 KRW</th>
<th>Notes</th>
<th>Preference shares</th>
<th>Ordinary shares</th>
<th>Share premium</th>
<th>Retained earnings</th>
<th>Other components of equity</th>
<th>Equity attributable to owners of the parent</th>
<th>Non-controlling interests</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance as of January 1, 2019</strong></td>
<td></td>
<td>119,467</td>
<td>778,047</td>
<td>4,403,893</td>
<td>242,698,956</td>
<td>(7,931,370)</td>
<td>240,068,993</td>
<td>7,684,184</td>
<td>247,753,177</td>
</tr>
<tr>
<td>Profit for the period</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>16,277,059</td>
<td>-</td>
<td>16,277,059</td>
<td>234,766</td>
<td>16,511,825</td>
</tr>
<tr>
<td>Gain (loss) on valuation of financial assets at fair value through other comprehensive income, net of tax</td>
<td>17</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(30)</td>
<td>934,454</td>
<td>934,424</td>
<td>43,666</td>
</tr>
<tr>
<td>Share of other comprehensive income of associates and joint ventures, net of tax</td>
<td>17</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>98,707</td>
<td>98,707</td>
<td>447</td>
<td>99,154</td>
</tr>
<tr>
<td>Foreign currency translation, net of tax</td>
<td>17</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,298,249</td>
<td>5,298,249</td>
<td>88,257</td>
<td>5,386,506</td>
</tr>
<tr>
<td>Remeasurement of net defined benefit liabilities (assets), net of tax</td>
<td>17</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(69,831)</td>
<td>(69,831)</td>
<td>140</td>
<td>(69,691)</td>
</tr>
<tr>
<td>Gain on valuation of derivatives</td>
<td>17</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11,558</td>
<td>11,558</td>
<td>-</td>
<td>11,558</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>16,277,029</td>
<td>6,273,137</td>
<td>22,550,166</td>
<td>367,276</td>
<td>22,917,442</td>
</tr>
<tr>
<td>Dividends</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(7,214,637)</td>
<td>-</td>
<td>-</td>
<td>(14,530)</td>
<td>(7,229,167)</td>
</tr>
<tr>
<td>Capital transaction under common control</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>185</td>
<td>185</td>
<td>391</td>
<td>576</td>
</tr>
<tr>
<td>Changes in consolidated entities</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(27)</td>
<td>(27)</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,257)</td>
<td>(1,257)</td>
<td>1,500</td>
<td>243</td>
</tr>
<tr>
<td><strong>Total transactions with owners</strong></td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(7,214,637)</td>
<td>(1,072)</td>
<td>(7,215,709)</td>
<td>(12,666)</td>
<td>(7,228,375)</td>
</tr>
<tr>
<td><strong>Balance as of September 30, 2019</strong></td>
<td></td>
<td>119,467</td>
<td>778,047</td>
<td>4,403,893</td>
<td>251,761,348</td>
<td>(1,659,305)</td>
<td>255,403,450</td>
<td>8,038,794</td>
<td>263,442,244</td>
</tr>
</tbody>
</table>

The above interim consolidated statements of changes in equity should be read in conjunction with the accompanying notes.
Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of US dollars (Note 2.4))

<table>
<thead>
<tr>
<th>2019 USD</th>
<th>Preference shares</th>
<th>Ordinary shares</th>
<th>Share premium</th>
<th>Retained earnings</th>
<th>Other components of equity</th>
<th>Equity attributable to owners of the parent</th>
<th>Non-controlling interests</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of January 1, 2019</td>
<td>102,840</td>
<td>669,754</td>
<td>3,790,936</td>
<td>208,918,865</td>
<td>(6,827,441)</td>
<td>206,654,954</td>
<td>6,614,659</td>
<td>213,269,613</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14,011,534</td>
<td>-</td>
<td>14,011,534</td>
<td>202,090</td>
<td>14,213,624</td>
</tr>
<tr>
<td>Gain (loss) on valuation of financial assets at fair value through other comprehensive income, net of tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(26)</td>
<td>804,392</td>
<td>804,366</td>
<td>37,588</td>
<td>841,954</td>
</tr>
<tr>
<td>Share of other comprehensive income of associates and joint ventures, net of tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>84,970</td>
<td>84,970</td>
<td>384</td>
<td>85,354</td>
</tr>
<tr>
<td>Foreign currency translation, net of tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,560,811</td>
<td>4,560,811</td>
<td>75,973</td>
<td>4,636,784</td>
</tr>
<tr>
<td>Remeasurement of net defined benefit liabilities (assets), net of tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(60,112)</td>
<td>(60,112)</td>
<td>121</td>
<td>(59,991)</td>
<td>841,954</td>
</tr>
<tr>
<td>Gain on valuation of derivatives</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,949</td>
<td>9,949</td>
<td>-</td>
<td>9,949</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14,011,508</td>
<td>5,400,010</td>
<td>19,411,518</td>
<td>316,156</td>
<td>19,727,674</td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(6,210,467)</td>
<td>-</td>
<td>(6,210,467)</td>
<td>(12,508)</td>
<td>(6,222,975)</td>
</tr>
<tr>
<td>Capital transaction under common control</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>159</td>
<td>159</td>
<td>337</td>
<td>496</td>
</tr>
<tr>
<td>Changes in consolidated entities</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(23)</td>
<td>(23)</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,082)</td>
<td>(1,082)</td>
<td>1,292</td>
<td>-</td>
<td>210</td>
</tr>
<tr>
<td><strong>Total transactions with owners</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(6,210,467)</td>
<td>(923)</td>
<td>(6,211,390)</td>
<td>(10,902)</td>
<td>(6,222,292)</td>
</tr>
<tr>
<td>Balance as of September 30, 2019</td>
<td>102,840</td>
<td>669,754</td>
<td>3,790,936</td>
<td>216,719,906</td>
<td>(1,428,354)</td>
<td>219,855,082</td>
<td>6,919,913</td>
<td>226,774,995</td>
</tr>
</tbody>
</table>

The above interim consolidated statements of changes in equity should be read in conjunction with the accompanying notes.
Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of Korean won, in thousands of US dollars (Note 2.4))

For the nine months ended September 30, 2019 2018 2019 2018

<table>
<thead>
<tr>
<th>Notes</th>
<th>KRW</th>
<th>KRW</th>
<th>USD</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit for the period</td>
<td>16,511,825</td>
<td>35,882,671</td>
<td>14,213,624</td>
<td>30,888,336</td>
</tr>
<tr>
<td>Adjustments</td>
<td>24</td>
<td>26,398,410</td>
<td>34,137,314</td>
<td>22,724,144</td>
</tr>
<tr>
<td>Changes in assets and liabilities arising from operating activities</td>
<td>24</td>
<td>(7,471,747)</td>
<td>(16,271,493)</td>
<td>(6,431,791)</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>35,438,488</td>
<td>53,748,492</td>
<td>30,505,977</td>
<td>46,267,500</td>
</tr>
<tr>
<td>Interest received</td>
<td>1,686,007</td>
<td>1,273,834</td>
<td>1,451,340</td>
<td>1,096,535</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(439,802)</td>
<td>(367,706)</td>
<td>(378,588)</td>
<td>(316,527)</td>
</tr>
<tr>
<td>Dividends received</td>
<td>203,469</td>
<td>187,765</td>
<td>175,149</td>
<td>161,631</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(11,222,387)</td>
<td>(10,238,602)</td>
<td>(9,660,398)</td>
<td>(8,813,540)</td>
</tr>
<tr>
<td>Net cash inflow from operating activities</td>
<td>25,665,775</td>
<td>44,603,783</td>
<td>22,093,480</td>
<td>38,395,599</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net decrease (increase) in short-term financial instruments</td>
<td>3,834,827</td>
<td>(9,026,701)</td>
<td>3,301,076</td>
<td>(7,770,318)</td>
</tr>
<tr>
<td>Net increase in short-term financial assets at amortized cost</td>
<td>(492,304)</td>
<td>(337,625)</td>
<td>(423,783)</td>
<td>(290,633)</td>
</tr>
<tr>
<td>Disposal of long-term financial instruments</td>
<td>2,500,701</td>
<td>254,855</td>
<td>2,152,641</td>
<td>219,383</td>
</tr>
<tr>
<td>Acquisition of long-term financial instruments</td>
<td>(8,004,950)</td>
<td>(2,782,949)</td>
<td>(6,890,780)</td>
<td>(2,395,604)</td>
</tr>
<tr>
<td>Disposal of financial assets at amortized cost</td>
<td>195,809</td>
<td>-</td>
<td>168,555</td>
<td>-</td>
</tr>
<tr>
<td>Acquisition of financial assets at amortized cost</td>
<td>(825,027)</td>
<td>(158,716)</td>
<td>(710,195)</td>
<td>(136,625)</td>
</tr>
<tr>
<td>Disposal of financial assets at fair value through other comprehensive income</td>
<td>1,000</td>
<td>9,789</td>
<td>861</td>
<td>8,427</td>
</tr>
<tr>
<td>Acquisition of financial assets at fair value through other comprehensive income</td>
<td>(52,762)</td>
<td>(417,447)</td>
<td>(45,418)</td>
<td>(359,345)</td>
</tr>
<tr>
<td>Disposal of financial assets at fair value through profit or loss</td>
<td>52,462</td>
<td>49,283</td>
<td>45,160</td>
<td>42,424</td>
</tr>
<tr>
<td>Acquisition of financial assets at fair value through profit or loss</td>
<td>(112,056)</td>
<td>(124,002)</td>
<td>(96,459)</td>
<td>(106,743)</td>
</tr>
<tr>
<td>Disposal of investments in associates and joint ventures</td>
<td>12,149</td>
<td>148</td>
<td>10,458</td>
<td>127</td>
</tr>
<tr>
<td>Acquisition of investments in associates and joint ventures</td>
<td>(9,778)</td>
<td>(17,564)</td>
<td>(8,417)</td>
<td>(15,119)</td>
</tr>
<tr>
<td>Disposal of property, plant and equipment</td>
<td>372,561</td>
<td>392,768</td>
<td>320,706</td>
<td>338,101</td>
</tr>
<tr>
<td>Acquisition of property, plant and equipment</td>
<td>(17,482,933)</td>
<td>(23,715,834)</td>
<td>(15,049,568)</td>
<td>(20,414,942)</td>
</tr>
<tr>
<td>Disposal of intangible assets</td>
<td>3,992</td>
<td>10,004</td>
<td>3,436</td>
<td>8,612</td>
</tr>
<tr>
<td>Acquisition of intangible assets</td>
<td>(829,061)</td>
<td>(676,612)</td>
<td>(713,668)</td>
<td>(582,438)</td>
</tr>
<tr>
<td>Cash outflow from business combinations</td>
<td>(971,911)</td>
<td>(30,463)</td>
<td>(836,635)</td>
<td>(26,223)</td>
</tr>
<tr>
<td>Cash inflow from other investing activities</td>
<td>58,589</td>
<td>93,801</td>
<td>50,433</td>
<td>80,745</td>
</tr>
<tr>
<td>Net cash outflow from investing activities</td>
<td>(21,462,218)</td>
<td>(36,477,265)</td>
<td>(18,474,996)</td>
<td>(31,400,171)</td>
</tr>
</tbody>
</table>

The above interim consolidated statements of cash flows should be read in conjunction with the accompanying notes.
Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of Korean won, in thousands of US dollars (Note 2.4))

<table>
<thead>
<tr>
<th>Notes</th>
<th>For the nine months ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td></td>
<td>KRW</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td></td>
</tr>
<tr>
<td>Net increase (decrease) in short-term borrowings</td>
<td>(1,340,893)</td>
</tr>
<tr>
<td>Acquisition of treasury shares</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from long-term borrowings</td>
<td>-</td>
</tr>
<tr>
<td>Repayment of long-term borrowings</td>
<td>(513,914)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(7,225,202)</td>
</tr>
<tr>
<td>Net increase in non-controlling interests</td>
<td>576</td>
</tr>
<tr>
<td>Net cash outflow from financing activities</td>
<td>(9,079,433)</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>1,140,365</td>
</tr>
<tr>
<td>Net increase (decrease) in cash and cash equivalents</td>
<td>(3,735,511)</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td></td>
</tr>
<tr>
<td>Beginning of the period</td>
<td>30,340,505</td>
</tr>
<tr>
<td>End of the period</td>
<td>26,604,994</td>
</tr>
</tbody>
</table>

The above interim consolidated statements of cash flows should be read in conjunction with the accompanying notes.
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 Exchange in 1975. SEC and its subsidiaries (collectively referred to as the “Company”) operate four business divisions: Consumer Electronics (“CE”), Information Technology & Mobile Communications (“IM”), Device Solutions (“DS”) and Harman. The CE division includes digital TVs, monitors, air conditioners and refrigerators, and the IM division includes mobile phones, communication systems and computers. The DS division includes products such as Memory, Foundry and System LSI in the semiconductor business (“Semiconductor”), and OLED and LCD panels in the display business (“DP”). The Harman division includes connected car systems, audio and visual products, enterprise automation solutions, and connected services. The Company is domiciled in the Republic of Korea and the address of its registered office is Suwon, Republic of Korea.

These interim consolidated financial statements have been prepared in accordance with Korean International Financial Reporting Standards (“Korean IFRS”) 1110 Consolidated Financial Statements. SEC, as the controlling company, consolidates its 246 subsidiaries including Samsung Display and Samsung Electronics America, Inc. (SEA) (refer to Note 1.2). The Company also applies the equity method of accounting for its 43 associates and joint ventures, including Samsung Electro-Mechanics.

1.2 Consolidated Subsidiaries

(A) The consolidated subsidiaries as of September 30, 2019 are as follows:

<table>
<thead>
<tr>
<th>Area</th>
<th>Subsidiaries</th>
<th>Industry</th>
<th>Percentage of ownership (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>America</td>
<td>Samsung Electronics America, Inc. (SEA)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>NeuroLogica Corp.</td>
<td>Manufacture and sale of medical equipment</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Dacor Holdings, Inc.</td>
<td>Holding company</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Dacor, Inc.</td>
<td>Manufacture and sale of home appliances</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Dacor Canada Co.</td>
<td>Sale of home appliances</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>EverythingDacor.com, Inc.</td>
<td>Sale of home appliances</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Distinctive Appliances of California, Inc.</td>
<td>Sale of home appliances</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung HVAC America, LLC</td>
<td>Sale of air conditioning products</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>SmartThings, Inc.</td>
<td>Sale of smart home electronics</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Oak Holdings, Inc. (SHI)</td>
<td>Holding company</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Joyent, Inc.</td>
<td>Cloud services</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Stellus Technologies, Inc.</td>
<td>Manufacture and sale of semiconductor system</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Prismview, LLC</td>
<td>Manufacture and sale of LED displays</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Semiconductor, Inc. (SSI)</td>
<td>Sale of semiconductor and display panels</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Canada, Inc. (SECA)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>AdGear Technologies Inc.</td>
<td>Digital advertising platforms</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Viv Labs, Inc.</td>
<td>AI technology services</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>SigMast Communications Inc.</td>
<td>Development of mobile communications software</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>RT SV CO-INVEST, LP</td>
<td>Venture capital investments</td>
<td>99.9</td>
</tr>
<tr>
<td></td>
<td>Samsung Research America, Inc. (SRA)</td>
<td>R&amp;D</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Next LLC (SNX)</td>
<td>Holding company</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Next Fund LLC (SNXF)</td>
<td>Technology business, venture capital investments</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung International, Inc. (SII)</td>
<td>Manufacture of CTV and monitors</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Mexicana S.A. de C.V. (SAMEX)</td>
<td>Manufacture of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Austin Semiconductor LLC. (SAS)</td>
<td>Manufacture of semiconductors</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Mexico S.A. De C.V. (SEM)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>SEMES America, Inc.</td>
<td>Semiconductor equipment services</td>
<td>100.0</td>
</tr>
</tbody>
</table>

1 Ownership represents the Company’s ownership of the voting rights in each entity, including subsidiaries’ ownerships.
<table>
<thead>
<tr>
<th>Area</th>
<th>Subsidiaries</th>
<th>Industry</th>
<th>Percentage of ownership (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>America</td>
<td>Samsung Electronics Digital Appliance Mexico, SA de CV (SEDAM)</td>
<td>Manufacture of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Latinoamerica Miami, Inc. (SEMI)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Latinoamerica (Zona Libre), S.A. (SELA)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Venezuela, C.A. (SEVEN)</td>
<td>Marketing and services</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronic Colombia S.A. (SAMCOL)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Panama, S.A. (SEPA)</td>
<td>Consulting</td>
<td>100.0</td>
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<tr>
<td></td>
<td>Samsung Electronica da Amazonia Ltda. (SEDA)</td>
<td>Manufacture and sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Argentina S.A. (SEASA)</td>
<td>Marketing and services</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Chile Limitada (SECH)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Peru S.A.C. (SEPR)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Home Appliances America, LLC (SEHA)</td>
<td>Manufacture of home appliances</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Harman Becker Automotive Systems, Inc.</td>
<td>Manufacture and sale of audio products, R&amp;D</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Harman Connected Services, Inc.</td>
<td>Connected service provider</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Harman Connected Services Engineering Corp.</td>
<td>Connected service provider</td>
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<tr>
<td></td>
<td>Harman Connected Services South America S.R.L.</td>
<td>Connected service provider</td>
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</tr>
<tr>
<td></td>
<td>Harman da Amazonia Industria Eletronica e Participacoes Ltda.</td>
<td>Manufacture and sale of audio products</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Harman de Mexico, S. de R.L. de C.V.</td>
<td>Manufacture of audio products</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Harman do Brasil Industria Eletronica e Participacoes Ltda.</td>
<td>Sale of audio products, R&amp;D</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Harman Financial Group LLC</td>
<td>Management company</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Harman International Industries Canada Ltd.</td>
<td>Sale of audio products</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Harman International Industries, Inc.</td>
<td>Holding company</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Harman International Mexico, S. de R.L. de C.V.</td>
<td>Sale of audio products</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Harman Investment Group, LLC</td>
<td>Financing company</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Harman KG Holding, LLC</td>
<td>Holding company</td>
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</tr>
<tr>
<td></td>
<td>Harman Professional, Inc.</td>
<td>Sale of audio products, R&amp;D</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Red Bend Software Inc.</td>
<td>Software design</td>
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<tr>
<td></td>
<td>Beijing Integrated Circuit Industry International Fund, L.P</td>
<td>Venture capital investments</td>
<td>61.4</td>
</tr>
<tr>
<td></td>
<td>China Materialia New Materials 2016 Limited Partnership</td>
<td>Venture capital investments</td>
<td>99.0</td>
</tr>
<tr>
<td></td>
<td>Zhiilabs Inc.</td>
<td>Sale of network solutions</td>
<td>100.0</td>
</tr>
</tbody>
</table>

1 Ownership represents the Company’s ownership of the voting rights in each entity, including subsidiaries’ ownerships.
### Samsung Electronics Co., Ltd. and its Subsidiaries

#### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

<table>
<thead>
<tr>
<th>Area</th>
<th>Subsidiaries</th>
<th>Industry</th>
<th>Percentage of ownership (%)¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe/CIS</td>
<td>Samsung Electronics (UK) Ltd. (SEUK)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics (London) Ltd. (SEL)</td>
<td>Holding company</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Holding GmbH (SEHG)</td>
<td>Holding company</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Semiconductor Europe GmbH (SSEG)</td>
<td>Sale of semiconductor and display panels</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics GmbH (SEG)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Iberia, S.A. (SESA)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics France S.A.S. (SEF)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Hungarian Private Co. Ltd. (SEH)</td>
<td>Manufacture and sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Czech and Slovak s.r.o. (SECZ)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Italia S.P.A. (SEI)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Europe Logistics B.V. (SELS)</td>
<td>Logistics</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Benelux B.V. (SEBN)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Display Slovakia s.r.o. (SDSK)</td>
<td>Toll processing of display panels</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Romania LLC (SEROM)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Polska, SP.Zo.o (SEPOL)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Portuguesa S.A. (SEP)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Nordic Akitebolag (SENA)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Semiconductor Europe Limited (SENA)</td>
<td>Sale of semiconductor and display panels</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Austria GmbH (SEAG)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Switzerland GmbH (SESX)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Slovakia s.r.o. (SESX)</td>
<td>Manufacture of CTV and monitors</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Baltics SIA (SEB)</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
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¹ Ownership represents the Company’s ownership of the voting rights in each entity, including subsidiaries’ ownerships.
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¹ Ownership represents the Company’s ownership of the voting rights in each entity, including subsidiaries’ ownerships.
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<sup>1</sup> Ownership represents the Company’s ownership of the voting rights in each entity, including subsidiaries’ ownerships.
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所有权代表公司的所有权，包括子公司的所有权。
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<td>Samsung Electronics Suzhou Computer Co., Ltd. (SESC)</td>
<td>Manufacture of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Suzhou Module Co., Ltd. (SSM)</td>
<td>Toll processing of display panels</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Suzhou LCD Co., Ltd. (SSL)</td>
<td>Manufacture of display panels</td>
<td>60.0</td>
</tr>
<tr>
<td></td>
<td>Shenzhen Samsung Electronics Telecommunication Co., Ltd. (SSET)</td>
<td>Manufacture of communication equipment</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Semiconductor (China) R&amp;D Co., Ltd. (SSCR)</td>
<td>R&amp;D</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics China R&amp;D Center (SRC-Nanjing)</td>
<td>R&amp;D</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung (China) Semiconductor Co., Ltd. (SCS)</td>
<td>Manufacture of semiconductors</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung SemiConductor Xian Co., Ltd. (SSCX)</td>
<td>Sale of semiconductor and display panels</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Tianjin Samsung LED Co., Ltd. (TSLED)</td>
<td>Manufacture of LED</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Harman (China) Technologies Co., Ltd.</td>
<td>Manufacture of audio products</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Harman (Suzhou) Audio and Infotainment Systems Co., Ltd.</td>
<td>Sale of audio products</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Harman Automotive Electronic Systems (Suzhou) Co., Ltd.</td>
<td>Manufacture of audio products, R&amp;D</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Harman Commercial (Shanghai) Co., Ltd.</td>
<td>Sale of audio products</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Harman Connected Services Solutions (Chengdu) Co., Ltd.</td>
<td>Connected service provider</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Harman Holding Limited</td>
<td>Sale of audio products</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Harman International (China) Holdings Co., Ltd.</td>
<td>Sale of audio products, R&amp;D</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Harman Technology (Shenzhen) Co., Ltd.</td>
<td>Sale of audio products, R&amp;D</td>
<td>100.0</td>
</tr>
</tbody>
</table>

1 Ownership represents the Company’s ownership of the voting rights in each entity, including subsidiaries’ ownerships.
<table>
<thead>
<tr>
<th>Area</th>
<th>Subsidiaries</th>
<th>Industry</th>
<th>Percentage of ownership (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea</td>
<td>Samsung Display (SDC)</td>
<td>Manufacture and sale of display panels</td>
<td>84.8</td>
</tr>
<tr>
<td></td>
<td>SU Materials</td>
<td>Manufacture of display panel components</td>
<td>50.0</td>
</tr>
<tr>
<td></td>
<td>STECO Co., Ltd.</td>
<td>Manufacture of semiconductor components</td>
<td>70.0</td>
</tr>
<tr>
<td></td>
<td>SEMES Co., Ltd.</td>
<td>Manufacture and sale of semiconductor and FPD equipment</td>
<td>91.5</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Service Co., Ltd.</td>
<td>Repair services for electronic devices</td>
<td>99.3</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Service Customer Satisfaction Co., Ltd.</td>
<td>Call center services</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Sales Co., Ltd.</td>
<td>Sale of electronic devices</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Electronics Logitech Co., Ltd.</td>
<td>General logistics agency</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Medison Co., Ltd.</td>
<td>Manufacture and sale of medical equipment</td>
<td>68.5</td>
</tr>
<tr>
<td></td>
<td>Mirero System Co., Ltd.</td>
<td>Semiconductor S/W</td>
<td>99.9</td>
</tr>
<tr>
<td></td>
<td>Samsung Venture Capital Union #21</td>
<td>Technology business, venture capital investments</td>
<td>99.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Venture Capital Union #22</td>
<td>Technology business, venture capital investments</td>
<td>99.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Venture Capital Union #26</td>
<td>Technology business, venture capital investments</td>
<td>99.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Venture Capital Union #27</td>
<td>Technology business, venture capital investments</td>
<td>99.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Venture Capital Union #28</td>
<td>Technology business, venture capital investments</td>
<td>99.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Venture Capital Union #29</td>
<td>Technology business, venture capital investments</td>
<td>99.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Venture Capital Union #32</td>
<td>Technology business, venture capital investments</td>
<td>99.0</td>
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<tr>
<td></td>
<td>Samsung Venture Capital Union #33</td>
<td>Technology business, venture capital investments</td>
<td>99.0</td>
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<tr>
<td></td>
<td>Samsung Venture Capital Union #37</td>
<td>Technology business, venture capital investments</td>
<td>99.0</td>
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<tr>
<td></td>
<td>Samsung Venture Capital Union #40</td>
<td>Technology business, venture capital investments</td>
<td>99.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Venture Capital Union #42</td>
<td>Technology business, venture capital investments</td>
<td>99.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Venture Capital Union #43</td>
<td>Technology business, venture capital investments</td>
<td>99.0</td>
</tr>
<tr>
<td></td>
<td>Samsung Venture Capital Union #45</td>
<td>Technology business, venture capital investments</td>
<td>99.0</td>
</tr>
<tr>
<td></td>
<td>Growth type private equity trust specialized in semiconductors</td>
<td>Investment in semiconductor industry</td>
<td>66.7</td>
</tr>
<tr>
<td></td>
<td>Harman International Korea, Inc.</td>
<td>Software development and supply, etc.</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Red Bend Software Korea</td>
<td>Software development and supply</td>
<td>100.0</td>
</tr>
</tbody>
</table>

1 Ownership represents the Company’s ownership of the voting rights in each entity, including subsidiaries’ ownerships.
A summary of financial data of major consolidated subsidiaries is as follows:

<table>
<thead>
<tr>
<th>Major subsidiaries</th>
<th>As of September 30, 2019</th>
<th>For the three months ended September 30, 2019</th>
<th>For the nine months ended September 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Assets</td>
<td>Liabilities</td>
<td>Sales</td>
</tr>
<tr>
<td>Samsung Display (SDC)</td>
<td>W 47,875,269</td>
<td>W 7,344,995</td>
<td>W 8,035,292</td>
</tr>
<tr>
<td>Samsung Electronics America, Inc. (SEA)</td>
<td>36,319,821</td>
<td>15,278,213</td>
<td>9,033,718</td>
</tr>
<tr>
<td>Harman and its subsidiaries</td>
<td>23,021,151</td>
<td>6,174,757</td>
<td>2,630,955</td>
</tr>
<tr>
<td>Samsung (CHINA) Investment Co., Ltd. (SCIC)</td>
<td>15,987,555</td>
<td>13,077,459</td>
<td>717,732</td>
</tr>
<tr>
<td>Samsung Electronics Vietnam THAINGUYEN Co., Ltd. (SEVT)</td>
<td>14,514,163</td>
<td>2,782,728</td>
<td>8,817,188</td>
</tr>
<tr>
<td>Samsung Electronics Vietnam Co., Ltd. (SEV)</td>
<td>13,612,377</td>
<td>2,509,191</td>
<td>6,857,328</td>
</tr>
<tr>
<td>Samsung (China) Semiconductor Co., Ltd. (SCS)</td>
<td>12,151,097</td>
<td>2,412,706</td>
<td>1,520,006</td>
</tr>
<tr>
<td>Samsung Electronics Europe Holding Cooperatief U.A. (SEEH)</td>
<td>9,742,712</td>
<td>6,889,425</td>
<td>-</td>
</tr>
<tr>
<td>Samsung Semiconductor, Inc. (SSI)</td>
<td>9,432,475</td>
<td>3,897,118</td>
<td>4,571,950</td>
</tr>
<tr>
<td>Samsung Asia Private Ltd. (SAPL)</td>
<td>9,289,841</td>
<td>730,763</td>
<td>444,810</td>
</tr>
<tr>
<td>Samsung Display Vietnam Co., Ltd. (SDV)</td>
<td>9,056,469</td>
<td>6,484,352</td>
<td>5,645,477</td>
</tr>
<tr>
<td>Samsung India Electronics Private Ltd. (SIEL)</td>
<td>8,888,264</td>
<td>5,302,695</td>
<td>3,754,418</td>
</tr>
<tr>
<td>Shanghai Samsung Semiconductor Co., Ltd. (SSS)</td>
<td>7,054,017</td>
<td>5,691,794</td>
<td>7,213,053</td>
</tr>
<tr>
<td>Samsung Electronica da Amazonia Ltda. (SEDA)</td>
<td>6,814,002</td>
<td>1,618,805</td>
<td>1,814,033</td>
</tr>
<tr>
<td>Samsung Austin Semiconductor LLC. (SAS)</td>
<td>6,457,580</td>
<td>531,021</td>
<td>977,526</td>
</tr>
<tr>
<td>Thai Samsung Electronics Co., Ltd. (TSE)</td>
<td>2,969,872</td>
<td>540,148</td>
<td>930,623</td>
</tr>
<tr>
<td>Samsung Electronics (UK) Ltd. (SEUK)</td>
<td>2,549,553</td>
<td>1,820,363</td>
<td>3,385,886</td>
</tr>
<tr>
<td>Samsung Electronics Europe Logistics B.V. (SELS)</td>
<td>2,422,020</td>
<td>1,970,778</td>
<td>3,069,567</td>
</tr>
<tr>
<td>Samsung Electronics HCMC CE Complex Co., Ltd. (SEHC)</td>
<td>2,313,311</td>
<td>880,063</td>
<td>1,457,736</td>
</tr>
<tr>
<td>Samsung Electronics GmbH (SEG)</td>
<td>2,210,992</td>
<td>2,119,585</td>
<td>1,354,564</td>
</tr>
<tr>
<td>Samsung Electronics Hungarian Private Co. Ltd. (SEH)</td>
<td>2,167,777</td>
<td>459,276</td>
<td>721,195</td>
</tr>
<tr>
<td>Samsung International, Inc. (SII)</td>
<td>2,113,479</td>
<td>718,074</td>
<td>1,896,101</td>
</tr>
<tr>
<td>Samsung Electronics Benelux B.V. (SEBN)</td>
<td>2,087,508</td>
<td>853,341</td>
<td>548,505</td>
</tr>
<tr>
<td>Samsung Suzhou LCD Co., Ltd. (SSL)</td>
<td>1,864,458</td>
<td>636,411</td>
<td>362,015</td>
</tr>
<tr>
<td>Samsung Display Dongguan Co., Ltd. (DSD)</td>
<td>1,840,420</td>
<td>411,172</td>
<td>1,037,163</td>
</tr>
</tbody>
</table>

1 The summary of condensed financial information is based on separate financial statements of each subsidiary.
2 Consolidated financial data of an intermediate company that includes Harman International Industries, Inc. and its subsidiaries.
### Samsung Electronics Co., Ltd. and its Subsidiaries

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(2) 2018

(In millions of Korean won)

<table>
<thead>
<tr>
<th>Major subsidiaries</th>
<th>As of December 31, 2018</th>
<th>For the three months ended September 30, 2018</th>
<th>For the nine months ended September 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Assets</td>
<td>Liabilities</td>
<td>Sales</td>
</tr>
<tr>
<td>Samsung Display (SDC)</td>
<td>W 47,162,963</td>
<td>W 7,509,766</td>
<td>W 9,098,839</td>
</tr>
<tr>
<td>Samsung Electronics America, Inc. (SEA)</td>
<td>30,681,097</td>
<td>11,862,223</td>
<td>8,396,872</td>
</tr>
<tr>
<td>Samsung (China) Investment Co., Ltd. (SCIC)</td>
<td>16,090,629</td>
<td>13,858,532</td>
<td>659,265</td>
</tr>
<tr>
<td>Harman and its subsidiaries</td>
<td>15,059,925</td>
<td>5,550,558</td>
<td>2,200,810</td>
</tr>
<tr>
<td>Samsung Electronics Vietnam Co., Ltd. (SEV)</td>
<td>11,501,682</td>
<td>1,607,991</td>
<td>5,536,378</td>
</tr>
<tr>
<td>Samsung Electronics Vietnam THAINGUYEN Co., Ltd. (SEVT)</td>
<td>11,360,811</td>
<td>2,209,962</td>
<td>7,368,469</td>
</tr>
<tr>
<td>Samsung (China) Semiconductor Co., Ltd. (SCS)</td>
<td>10,254,900</td>
<td>1,920,000</td>
<td>1,242,756</td>
</tr>
<tr>
<td>Samsung Semiconductor, Inc. (SSI)</td>
<td>9,306,621</td>
<td>4,288,544</td>
<td>9,068,095</td>
</tr>
<tr>
<td>Samsung Electronics Europe Holding Cooperatief U.A. (SEEH)</td>
<td>8,586,022</td>
<td>6,388,302</td>
<td>-</td>
</tr>
<tr>
<td>Samsung Display Vietnam Co., Ltd. (SDV)</td>
<td>8,222,472</td>
<td>6,195,635</td>
<td>6,493,238</td>
</tr>
<tr>
<td>Samsung Asia Private Ltd. (SAPL)</td>
<td>7,630,154</td>
<td>592,916</td>
<td>476,069</td>
</tr>
<tr>
<td>Samsung Electronics Huizhou Co., Ltd. (SEHZ)</td>
<td>6,539,392</td>
<td>586,349</td>
<td>1,924,159</td>
</tr>
<tr>
<td>Samsung India Electronics Private Ltd. (SIEL)</td>
<td>6,410,825</td>
<td>3,438,807</td>
<td>3,098,604</td>
</tr>
<tr>
<td>Samsung Electronica da Amazonia Ltda. (SEDA)</td>
<td>6,207,458</td>
<td>1,610,607</td>
<td>1,620,386</td>
</tr>
<tr>
<td>Samsung Austin Semiconductor LLC. (SAS)</td>
<td>5,642,117</td>
<td>511,596</td>
<td>968,094</td>
</tr>
<tr>
<td>Samsung (China) Semiconductor Co., Ltd. (SSS)</td>
<td>5,400,549</td>
<td>4,227,922</td>
<td>9,249,477</td>
</tr>
<tr>
<td>Samsung Suzhou LCD Co., Ltd. (SSL)</td>
<td>2,465,999</td>
<td>397,248</td>
<td>839,828</td>
</tr>
<tr>
<td>Samsung Electronics (UK) Ltd. (SEUK)</td>
<td>2,203,583</td>
<td>1,588,007</td>
<td>1,162,011</td>
</tr>
<tr>
<td>Samsung Electronics GmbH (SEG)</td>
<td>2,202,610</td>
<td>2,144,728</td>
<td>1,256,428</td>
</tr>
<tr>
<td>Samsung Electronics HCMC CE Complex Co., Ltd. (SEHC)</td>
<td>2,042,669</td>
<td>1,174,936</td>
<td>1,350,121</td>
</tr>
<tr>
<td>Samsung Electronics Europe Logistics B.V. (SELS)</td>
<td>1,904,358</td>
<td>1,778,710</td>
<td>2,803,147</td>
</tr>
<tr>
<td>Samsung Electronics Hungarian Private Co. Ltd. (SEH)</td>
<td>1,894,922</td>
<td>280,245</td>
<td>554,611</td>
</tr>
<tr>
<td>Samsung Suzhou LCD Co., Ltd. (SSL)</td>
<td>1,845,330</td>
<td>679,207</td>
<td>423,540</td>
</tr>
<tr>
<td>Samsung Electronics France S.A.S (SEF)</td>
<td>1,761,117</td>
<td>1,412,971</td>
<td>958,871</td>
</tr>
<tr>
<td>Samsung Electronics Benelux B.V. (SEBN)</td>
<td>1,673,470</td>
<td>552,994</td>
<td>486,101</td>
</tr>
</tbody>
</table>

1 The summary of condensed financial information is based on separate financial statements of each subsidiary.

2 Consolidated financial data of an intermediate company that includes Harman International Industries, Inc. and its subsidiaries.
Samsung Electronics Co., Ltd. and its Subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(C) Changes in the scope of consolidation

(1) Subsidiaries newly excluded from the consolidation for the nine months ended September 30, 2019:

<table>
<thead>
<tr>
<th>Area</th>
<th>Subsidiary</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>Samsung France Research Center SARL(SFRC)</td>
<td>Liquidation</td>
</tr>
<tr>
<td></td>
<td>Innoetics E.P.E.</td>
<td>Merger¹</td>
</tr>
<tr>
<td>Middle East</td>
<td>Broadsense Ltd.</td>
<td>Liquidation</td>
</tr>
<tr>
<td></td>
<td>iOnRoad Ltd.</td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>Harman Connected Services Japan Co., Ltd.</td>
<td>Merger²</td>
</tr>
<tr>
<td></td>
<td>Harman International Singapore Pte. Ltd.</td>
<td>Merger³</td>
</tr>
<tr>
<td></td>
<td>Red Bend Software Japan Co., Ltd.</td>
<td>Merger⁴</td>
</tr>
<tr>
<td></td>
<td>Studer Japan Ltd.</td>
<td>Merger⁵</td>
</tr>
<tr>
<td>China</td>
<td>Samsung Electronics (Beijing) Service Company Limited(SBSC)</td>
<td>Merger⁶</td>
</tr>
<tr>
<td></td>
<td>Harman Connected Services Solutions (Beijing) Co., Ltd.</td>
<td>Liquidation</td>
</tr>
</tbody>
</table>

¹ During the nine months ended September 30, 2019, Innoetics E.P.E. merged into Samsung Electronics Greece S.M.S.A (SEGR), a subsidiary of the Company.
² During the nine months ended September 30, 2019, Harman Connected Services Japan Co., Ltd. merged into Harman International Japan Co., Ltd., a subsidiary of the Company.
³ During the nine months ended September 30, 2019, Harman International Singapore Pte. Ltd. merged into Harman Singapore Pte. Ltd., a subsidiary of the Company.
⁴ During the nine months ended September 30, 2019, Red Bend Software Japan Co., Ltd. merged into Harman International Japan Co., Ltd., a subsidiary of the Company.
⁵ During the nine months ended September 30, 2019, Studer Japan Ltd. merged into Harman International Japan Co., Ltd., a subsidiary of the Company.
⁶ During the nine months ended September 30, 2019, Samsung Electronics (Beijing) Service Company Limited (SBSC) merged into Samsung (CHINA) Investment Co., Ltd (SCIC), a subsidiary of the Company.

(2) Subsidiaries newly included in the consolidation for the nine months ended September 30, 2019:

<table>
<thead>
<tr>
<th>Area</th>
<th>Subsidiary</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>FOODIENT LTD.</td>
<td>Acquisition of shares</td>
</tr>
<tr>
<td>Middle East</td>
<td>Corephotonics Ltd.</td>
<td>Acquisition of shares</td>
</tr>
<tr>
<td>Asia</td>
<td>Samsung Display Noida Private Limited (SDN)</td>
<td>Incorporation</td>
</tr>
<tr>
<td>Korea</td>
<td>Samsung Venture Capital Union #45</td>
<td>Incorporation</td>
</tr>
</tbody>
</table>

2. Significant Accounting Policies

2.1 Basis of Presentation

The Company maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“Korean IFRS”). The accompanying interim consolidated financial statements have been condensed, restructured, and translated into English from the Korean language financial statements.

The interim consolidated financial statements for the nine months ended September 30, 2019, have been prepared in accordance with Korean IFRS 1034 Interim Financial Reporting. These interim consolidated financial statements have been prepared in accordance with the Korean IFRS which is effective as of September 30, 2019.
(A) New and amended standards adopted by the Company

The Company applied the following amended and enacted standards for the first time for their annual period commencing on January 1, 2019:

- **Enactment of Korean IFRS 1116 Leases**

  The Company has applied Korean IFRS 1116 *Leases* on January 1, 2019, the date of initial application. In accordance with the transitional provisions in Korean IFRS 1116, comparative figures have not been restated.

- **Amendments to Korean IFRS 1019 Employee Benefits**

  The amendments require that an entity shall calculate current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement based on updated actuarial assumptions from the date of the change. The amendments also require that a reduction in a surplus must be recognized in profit or loss even if that surplus was not previously recognized because of the impact of the asset ceiling. The amendment does not have a significant impact on the consolidated financial statements.

- **Amendments to Korean IFRS 1028 Investments in Associates and Joint Ventures**

  The amendments clarify that an entity shall apply Korean IFRS 1109 to financial instruments in an associate or joint venture to which the equity method is not applied. These include impairment of long-term interests that, in substance, form part of the entity’s net investment in an associate or joint venture for which Korean IFRS 1109 should take precedence. The amendment does not have a significant impact on the consolidated financial statements.

- **Enactment of Interpretation of Korean IFRS 2123 Uncertainty over Income Tax Treatments**

  The Interpretation explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment, and includes guidance on how to determine whether each uncertain tax treatment is considered separately or together. It also presents examples of circumstances where a judgement or estimate is required to be reassessed. The enactment does not have a significant impact on the consolidated financial statements.

(B) New and amended standards not yet adopted by the Company

There are no major new accounting standards or amendments issued that are effective for the annual reporting period commencing January 1, 2019, and have not been early adopted by the Company.

**2.2 Accounting Policies**

Significant accounting policies and method of computation used in the preparation of the interim consolidated financial statements are consistent with those of the annual financial statements for the year ended December 31, 2018, except for the changes due to the application of amendments and enactments of standards described in Note 2.1 and as described below.

(A) Income tax expense

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 effective income tax rate is applied to the pre-tax income of the interim period.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(B) Leases

A lease is a contract, whereby the lessor conveys to the lessee, the right to control the use of an identified asset for a period of time in exchange for consideration.

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. However, the Company did not reassess all contracts at initial application because the Company applied the practical expedient to contracts entered into before the date of initial application.

For a contract that is, or contains, a lease, both lessee and lessor account for each lease component within the contract as a lease separately from non-lease components of the contract. In lessee accounting, however, the Company does not account them separately but instead applies the practical expedient to account for each lease component and any associated non-lease components as a single lease component.

a) Lessee accounting

The Company recognizes a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments at the commencement date of the lease.

The right-of-use asset is measured at its cost less subsequent accumulated depreciation and accumulated impairment loss with adjustments reflected arising from remeasurements of the lease liability. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis from the commencement date of the lease and is classified as ‘property, plant and equipment’ in the financial statements.

At the commencement date, the lease liability is measured at present value of the lease payments that are not paid at that date. When measuring the present value, the lease payments are discounted using the interest rate implicit in the lease. If such implicit rate cannot be readily determined, the Company uses the Company’s incremental borrowing rate. The lease liability is subsequently increased by the amount of interest expenses recognized on the lease liability and reduced by the lease payments made. Lease liabilities are remeasured when the future lease payments are changed due to the following:

· Changes in an index or a rate;
· Changes in amounts expected to be payable by the lessee under residual value guarantees;
· Changes in the assessment of whether a purchase option or an option to renew is reasonably certain to be exercised; or
· Changes in the assessment of whether it is reasonably certain that an option to terminate the lease will not be exercised.

Lease liabilities are classified as ‘current portion of long-term liabilities’ or ‘long-term borrowings’ in the financial statements.

The Company elected not to apply the requirements to short-term leases (i.e., a lease term of 12 months or less at the commencement date) and low value assets (e.g. underlying assets below $5,000). In these cases, lease payments are charged to profit or loss on a straight-line basis over the period of lease.

b) Lessor accounting

The accounting treatment as a lessor did not change significantly from the accounting policies applied for the preparation of the annual financial statements for the year ended December 31, 2018.

The Company classifies a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership at the inception of the lease. A lease other than a finance lease is classified as an operating lease. Lease income from operating leases is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred by the lessor in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income.
2.3 Change in Accounting Policies

(A) **Korean IFRS 1116 Leases**

The Company has applied Korean IFRS 1116 *Leases* on January 1, 2019, the date of initial application. In accordance with the transitional provisions in Korean IFRS 1116, comparative figures have not been restated. The impacts of the application of Korean IFRS 1116 on the financial statements are as follows.

On January 1, 2019, the date of initial application, right-of-use assets and lease liabilities increased by ₩2,774,982 million and ₩2,344,756 million, respectively, and details of lease liabilities are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>₩</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial lease liabilities as of December 31, 2018</td>
<td>61,189</td>
</tr>
<tr>
<td>Adjustments in operating lease agreements as of January 1, 2019</td>
<td></td>
</tr>
<tr>
<td>Operating lease agreements as of December 31, 2018</td>
<td>2,785,140</td>
</tr>
<tr>
<td>Discounted operating lease agreements as of January 1, 2019</td>
<td>2,528,731</td>
</tr>
<tr>
<td>(Adjustments) Short-term lease and low value assets over which application exemption is applied</td>
<td>(183,975)</td>
</tr>
<tr>
<td>Lease liabilities as of January 1, 2019</td>
<td>2,405,945</td>
</tr>
</tbody>
</table>

2.4 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 consolidated 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 ₩1,161.69 to US $1, the average exchange rate for the nine month period ended September 30, 2019. 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.

2.5 Critical Accounting Estimates and Assumptions

In preparing the interim consolidated financial statements, the management of the Company makes judgements, 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 the interim consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements for the year ended December 31, 2018, except for the estimates used to determine income tax expense, and accounting estimates and assumptions for implementation of Korean IFRS 1116.
3. Financial Instruments by Category

Categorizations of financial assets and liabilities as of September 30, 2019 and December 31, 2018 are as follows:

(A) As of September 30, 2019

<table>
<thead>
<tr>
<th>Financial assets</th>
<th>Financial assets measured at amortized cost</th>
<th>Financial assets measured at fair value through other comprehensive income</th>
<th>Financial assets measured at fair value through profit or loss</th>
<th>Other financial assets(^1)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>₩26,604,994</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>₩26,604,994</td>
</tr>
<tr>
<td>Short-term financial instruments</td>
<td>₩69,476,971</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>₩69,476,971</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>₩40,367,204</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>₩40,367,204</td>
</tr>
<tr>
<td>Financial assets at amortized cost</td>
<td>₩4,156,542</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>₩4,156,542</td>
</tr>
<tr>
<td>Financial assets at fair value through other comprehensive income</td>
<td>-</td>
<td>₩8,728,038</td>
<td>-</td>
<td>-</td>
<td>₩8,728,038</td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td>-</td>
<td>-</td>
<td>₩2,805,500</td>
<td>-</td>
<td>₩2,805,500</td>
</tr>
<tr>
<td>Other</td>
<td>₩9,716,944</td>
<td>-</td>
<td>₩214,594</td>
<td>₩35,178</td>
<td>₩9,966,716</td>
</tr>
<tr>
<td>Total</td>
<td>₩150,322,655</td>
<td>₩8,728,038</td>
<td>₩3,020,094</td>
<td>₩35,178</td>
<td>₩162,105,965</td>
</tr>
</tbody>
</table>

\(^1\) Other financial assets include derivatives designated as hedging instruments, which are not subject to categorizations.

<table>
<thead>
<tr>
<th>Financial liabilities</th>
<th>Financial liabilities measured at amortized cost</th>
<th>Financial liabilities measured at fair value through profit or loss</th>
<th>Other financial liabilities(^1)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>₩11,422,269</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td>₩2,208,002</td>
<td>-</td>
<td>10,122,466</td>
<td>-</td>
</tr>
<tr>
<td>Other payables</td>
<td>₩8,630,882</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Current portion of long-term liabilities</td>
<td>₩40,667</td>
<td>-</td>
<td>₩751,800</td>
<td>-</td>
</tr>
<tr>
<td>Debentures</td>
<td>₩1,008,058</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Long-term borrowings</td>
<td>-</td>
<td>-</td>
<td>₩2,002,565</td>
<td>-</td>
</tr>
<tr>
<td>Long-term other payables</td>
<td>₩2,057,513</td>
<td>₩2,403</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>₩8,818,522</td>
<td>₩176,073</td>
<td>₩7,204</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>₩34,185,913</td>
<td>₩178,476</td>
<td>₩12,883,815</td>
<td>₩47,248,204</td>
</tr>
</tbody>
</table>

\(^1\) Other financial liabilities include collateralized borrowings, lease liabilities and derivatives designated as hedging instruments, which are not subject to categorizations.
(B) As of December 31, 2018

### Financial assets

<table>
<thead>
<tr>
<th>Financial assets</th>
<th>Financial assets measured at amortized cost</th>
<th>Financial assets measured at fair value through other comprehensive income</th>
<th>Financial assets measured at fair value through profit or loss</th>
<th>Other financial assets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>₩30,340,505</td>
<td></td>
<td></td>
<td></td>
<td>₩30,340,505</td>
</tr>
<tr>
<td>Short-term financial instruments</td>
<td>₩65,893,797</td>
<td></td>
<td></td>
<td></td>
<td>₩65,893,797</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>₩33,867,733</td>
<td></td>
<td></td>
<td></td>
<td>₩33,867,733</td>
</tr>
<tr>
<td>Financial assets at amortized cost</td>
<td>₩2,942,002</td>
<td></td>
<td></td>
<td></td>
<td>₩2,942,002</td>
</tr>
<tr>
<td>Financial assets at fair value through other comprehensive income</td>
<td></td>
<td>₩7,301,351</td>
<td></td>
<td></td>
<td>₩7,301,351</td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td></td>
<td>₩2,777,375</td>
<td></td>
<td></td>
<td>₩2,777,375</td>
</tr>
<tr>
<td>Other</td>
<td>₩9,229,044</td>
<td></td>
<td>₩58,127</td>
<td>₩25,962</td>
<td>₩9,313,133</td>
</tr>
<tr>
<td>Total</td>
<td>₩142,273,081</td>
<td>₩7,301,351</td>
<td>₩2,835,502</td>
<td>₩25,962</td>
<td>₩152,435,896</td>
</tr>
</tbody>
</table>

1 Other financial assets include derivatives designated as hedging instruments, which are not subject to categorizations.

### Financial liabilities

<table>
<thead>
<tr>
<th>Financial liabilities</th>
<th>Financial liabilities measured at amortized cost</th>
<th>Financial liabilities measured at fair value through profit or loss</th>
<th>Other financial liabilities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>₩8,479,916</td>
<td></td>
<td></td>
<td>₩8,479,916</td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td>₩1,456,201</td>
<td></td>
<td>₩12,130,459</td>
<td>₩13,586,660</td>
</tr>
<tr>
<td>Other payables</td>
<td>₩9,779,287</td>
<td></td>
<td></td>
<td>₩9,779,287</td>
</tr>
<tr>
<td>Current portion of long-term liabilities</td>
<td>₩33,386</td>
<td></td>
<td></td>
<td>₩33,386</td>
</tr>
<tr>
<td>Debentures</td>
<td>₩961,972</td>
<td></td>
<td></td>
<td>₩961,972</td>
</tr>
<tr>
<td>Long-term borrowings</td>
<td>₩85,085</td>
<td></td>
<td></td>
<td>₩85,085</td>
</tr>
<tr>
<td>Long-term other payables</td>
<td>₩2,846,585</td>
<td></td>
<td></td>
<td>₩2,860,002</td>
</tr>
<tr>
<td>Other</td>
<td>₩8,789,800</td>
<td></td>
<td>₩32,284</td>
<td>₩10,439</td>
</tr>
<tr>
<td>Total</td>
<td>₩32,432,232</td>
<td></td>
<td>₩45,701</td>
<td>₩12,140,898</td>
</tr>
</tbody>
</table>

1 Other financial liabilities include collateralized borrowings and derivatives designated as hedging instruments, which are not subject to categorizations.
Samsung Electronics Co., Ltd. and its Subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. Financial Assets at Fair Value

(A) Details of financial assets at fair value as of September 30, 2019 and December 31, 2018 are as follows:

(1) Financial assets at fair value through other comprehensive income

(In millions of Korean won)  September 30, 2019  December 31, 2018

<table>
<thead>
<tr>
<th>Non-current portion</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity instruments</td>
<td>₩8,728,038</td>
<td>₩7,301,351</td>
</tr>
</tbody>
</table>

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

(In millions of Korean won)  September 30, 2019  December 31, 2018

<table>
<thead>
<tr>
<th>Current portion</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt instruments</td>
<td>₩1,842,611</td>
<td>₩2,001,948</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-current portion</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity instruments</td>
<td>₩668,198</td>
<td>₩453,642</td>
</tr>
<tr>
<td>Debt instruments</td>
<td>₩294,691</td>
<td>₩321,785</td>
</tr>
</tbody>
</table>

Subtotal: ₩2,805,500  ₩2,777,375

(B) Details of listed equity securities of financial assets at fair value as of September 30, 2019 and December 31, 2018 are as follows:

(In millions of Korean won)  September 30, 2019  December 31, 2018

| Number of | Percentage of | Acquisition cost | Carrying amount | Carrying amount |
| shares owned | ownership | (Market value) | (Market value) | |
| Samsung Heavy Industries | 100,693,398 | 16.0 | ₩735,488 | ₩793,464 | ₩746,138 |
| Hotel Shilla | 2,004,717 | 5.1 | ₩13,957 | ₩172,807 | ₩153,361 |
| iMarket Korea | 647,320 | 1.8 | ₩324 | ₩6,732 | ₩4,479 |
| SFA | 3,644,000 | 10.2 | ₩38,262 | ₩153,777 | ₩126,082 |
| Wonik Holdings | 3,518,342 | 4.6 | ₩30,821 | ₩14,883 | ₩12,349 |
| Wonik IPS | 3,701,872 | 7.5 | ₩32,428 | ₩106,984 | ₩74,408 |
| ASML | 6,297,787 | 1.5 | ₩363,012 | ₩1,881,476 | ₩1,104,944 |
| Wacom | 8,398,400 | 5.0 | ₩62,013 | ₩32,827 | ₩38,795 |
| BYD | 52,264,808 | 1.9 | ₩528,665 | ₩429,638 | ₩433,838 |
| Other | - | - | ₩296,744 | ₩384,377 | ₩200,363 |

Total: ₩2,101,714  ₩3,976,965  ₩2,894,757

1 Ownership represents the Company’s ownership of ordinary shares issued by each entity.
5. Inventories

Inventories as of September 30, 2019 and December 31, 2018 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2019</th>
<th></th>
<th>December 31, 2018</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross amount</td>
<td>Valuation allowance</td>
<td>Carrying amount</td>
<td>Gross amount</td>
</tr>
<tr>
<td>Finished goods</td>
<td>₩9,861,373</td>
<td>₩(582,082)</td>
<td>₩9,279,291</td>
<td>₩9,206,754</td>
</tr>
<tr>
<td>Work in process</td>
<td>₩11,812,131</td>
<td>₩(574,944)</td>
<td>₩11,237,187</td>
<td>₩11,862,033</td>
</tr>
<tr>
<td>Raw materials and supplies</td>
<td>₩9,558,883</td>
<td>₩(519,477)</td>
<td>₩9,039,406</td>
<td>₩8,658,212</td>
</tr>
<tr>
<td>Materials in transit</td>
<td>₩1,352,878</td>
<td>-</td>
<td>₩1,352,878</td>
<td>₩1,033,956</td>
</tr>
<tr>
<td>Total</td>
<td>₩32,585,265</td>
<td>₩(1,676,503)</td>
<td>₩30,908,762</td>
<td>₩30,760,955</td>
</tr>
</tbody>
</table>

6. Investments in Associates and Joint Ventures

(A) Changes in investments in associates and joint ventures for the nine months ended September 30, 2019 and 2018 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of January 1</td>
<td>₩7,313,206</td>
<td>₩6,802,351</td>
</tr>
<tr>
<td>Acquisition</td>
<td>₩9,822</td>
<td>₩17,564</td>
</tr>
<tr>
<td>Disposal</td>
<td>₩(1,437)</td>
<td>₩(148)</td>
</tr>
<tr>
<td>Share of profit</td>
<td>₩252,672</td>
<td>₩289,126</td>
</tr>
<tr>
<td>Other¹</td>
<td>₩(37,328)</td>
<td>₩(103,549)</td>
</tr>
<tr>
<td>Balance as of September 30</td>
<td>₩7,536,935</td>
<td>₩7,005,344</td>
</tr>
</tbody>
</table>

1 Other consists of dividends, impairment, reclassification and the cumulative effect of changes in accounting principles.

(B) Major investments in associates and joint ventures as of September 30, 2019 are as follows:

(1) Investments in associates

<table>
<thead>
<tr>
<th>Investee</th>
<th>Nature of relationship</th>
<th>Percentage of ownership¹ (%)</th>
<th>Principal business location</th>
<th>Reporting period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung Electro-Mechanics</td>
<td>Manufacture and supply electronic components including passive components, circuit boards, and modules</td>
<td>23.7</td>
<td>Korea</td>
<td>December</td>
</tr>
<tr>
<td>Samsung SDS</td>
<td>Provide IT services including computer programming, system integration, and management and logistical services</td>
<td>22.6</td>
<td>Korea</td>
<td>December</td>
</tr>
<tr>
<td>Samsung Biologics</td>
<td>New business investment</td>
<td>31.5</td>
<td>Korea</td>
<td>December</td>
</tr>
<tr>
<td>Samsung SDI²</td>
<td>Manufacture and supply of electronics including secondary cell batteries</td>
<td>19.6</td>
<td>Korea</td>
<td>December</td>
</tr>
<tr>
<td>Cheil Worldwide</td>
<td>Advertising agency</td>
<td>25.2</td>
<td>Korea</td>
<td>December</td>
</tr>
</tbody>
</table>

¹ Ownership represents the Company’s ownership of ordinary shares issued by each entity.

² The Company’s ownership of ordinary shares outstanding is 20.6%.
Samsung Electronics Co., Ltd. and its Subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(2) Investments in joint ventures

<table>
<thead>
<tr>
<th>Investee</th>
<th>Nature of relationship</th>
<th>Percentage of ownership1 (%)</th>
<th>Principal business location</th>
<th>Reporting period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung Corning Advanced Glass</td>
<td>Manufacture and supply of industrial glass devices</td>
<td>50.0</td>
<td>Korea</td>
<td>December</td>
</tr>
</tbody>
</table>

1 Ownership represents the Company’s ownership of ordinary shares issued by each entity.

(C) Details of investments in associates and joint ventures as of September 30, 2019 and December 31, 2018 are as follows:

(1) Investments in associates

<table>
<thead>
<tr>
<th>(In millions of Korean won) Investee</th>
<th>Acquisition cost</th>
<th>Net asset value of equity shares1</th>
<th>Carrying amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung Electro-Mechanics</td>
<td>₩359,237</td>
<td>₩1,255,573</td>
<td>₩1,166,990</td>
</tr>
<tr>
<td>Samsung SDS</td>
<td>147,963</td>
<td>1,440,776</td>
<td>1,466,321</td>
</tr>
<tr>
<td>Samsung Biologics</td>
<td>443,193</td>
<td>1,306,208</td>
<td>1,309,744</td>
</tr>
<tr>
<td>Samsung SDI</td>
<td>1,242,605</td>
<td>2,502,035</td>
<td>2,242,342</td>
</tr>
<tr>
<td>Cheil Worldwide</td>
<td>506,162</td>
<td>264,433</td>
<td>563,215</td>
</tr>
<tr>
<td>Other</td>
<td>598,143</td>
<td>354,189</td>
<td>540,864</td>
</tr>
<tr>
<td>Total</td>
<td>₩3,297,303</td>
<td>₩7,123,214</td>
<td>₩7,289,476</td>
</tr>
</tbody>
</table>

1 The Company’s portion of net asset value of associates is based on the Company’s ownership percentage.

<table>
<thead>
<tr>
<th>(In millions of Korean won) Investee</th>
<th>Acquisition cost</th>
<th>Net asset value of equity shares1</th>
<th>Carrying amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung Electro-Mechanics</td>
<td>₩359,237</td>
<td>₩1,127,805</td>
<td>₩1,126,043</td>
</tr>
<tr>
<td>Samsung SDS</td>
<td>147,963</td>
<td>1,350,838</td>
<td>1,376,321</td>
</tr>
<tr>
<td>Samsung Biologics</td>
<td>443,193</td>
<td>1,308,650</td>
<td>1,308,546</td>
</tr>
<tr>
<td>Samsung SDI</td>
<td>1,242,605</td>
<td>2,402,697</td>
<td>2,197,335</td>
</tr>
<tr>
<td>Cheil Worldwide</td>
<td>506,162</td>
<td>253,062</td>
<td>549,165</td>
</tr>
<tr>
<td>Other</td>
<td>625,922</td>
<td>310,909</td>
<td>525,259</td>
</tr>
<tr>
<td>Total</td>
<td>₩3,325,082</td>
<td>₩6,753,961</td>
<td>₩7,082,669</td>
</tr>
</tbody>
</table>

1 The Company’s portion of net asset value of associates is based on the Company’s ownership percentage.
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(2) Investments in joint ventures

**(In millions of Korean won)**

<table>
<thead>
<tr>
<th>Investee</th>
<th>Acquisition cost</th>
<th>Net asset value of equity shares(^1)</th>
<th>Carrying amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung Corning Advanced Glass</td>
<td>W 215,000</td>
<td>W 176,444</td>
<td>W 176,440</td>
</tr>
<tr>
<td>Other</td>
<td>259,994</td>
<td>67,139</td>
<td>71,019</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>W 474,994</td>
<td>W 243,583</td>
<td>W 247,459</td>
</tr>
</tbody>
</table>

\(^1\) The Company’s portion of net asset value of joint ventures is based on the Company’s ownership percentage.

**December 31, 2018**

<table>
<thead>
<tr>
<th>Investee</th>
<th>Acquisition cost</th>
<th>Net asset value of equity shares(^1)</th>
<th>Carrying amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung Corning Advanced Glass</td>
<td>W 215,000</td>
<td>W 173,503</td>
<td>W 173,499</td>
</tr>
<tr>
<td>Other</td>
<td>259,994</td>
<td>65,443</td>
<td>57,038</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>W 474,994</td>
<td>W 238,946</td>
<td>W 230,537</td>
</tr>
</tbody>
</table>

\(^1\) The Company’s portion of net asset value of joint ventures is based on the Company’s ownership percentage.

(D) Details of the valuation of investments in associates and joint ventures using the equity method are as follows:

(1) For the nine months ended September 30, 2019

**(In millions of Korean won)**

<table>
<thead>
<tr>
<th>Investee</th>
<th>Balance as of January 1</th>
<th>Share of profit (loss)</th>
<th>Share of other comprehensive income</th>
<th>Other(^1)</th>
<th>Balance as of September 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung Electro-Mechanics</td>
<td>W 1,126,043</td>
<td>W 38,783</td>
<td>W 19,857</td>
<td>W (17,693)</td>
<td>W 1,166,990</td>
</tr>
<tr>
<td>Samsung SDS</td>
<td>1,376,321</td>
<td>109,365</td>
<td>15,579</td>
<td>(34,944)</td>
<td>1,466,321</td>
</tr>
<tr>
<td>Samsung Biologics</td>
<td>1,308,546</td>
<td>(2,949)</td>
<td>4,147</td>
<td>-</td>
<td>1,309,744</td>
</tr>
<tr>
<td>Samsung SDI</td>
<td>2,197,335</td>
<td>45,703</td>
<td>12,767</td>
<td>(13,463)</td>
<td>2,242,324</td>
</tr>
<tr>
<td>Cheil Worldwide</td>
<td>549,165</td>
<td>31,628</td>
<td>4,781</td>
<td>(22,359)</td>
<td>563,215</td>
</tr>
<tr>
<td>Samsung Corning Advanced Glass</td>
<td>173,499</td>
<td>2,941</td>
<td>-</td>
<td>-</td>
<td>176,440</td>
</tr>
<tr>
<td>Other</td>
<td>582,297</td>
<td>27,201</td>
<td>42,604</td>
<td>(40,219)</td>
<td>611,883</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>W 7,313,206</td>
<td>W 252,672</td>
<td>W 99,735</td>
<td>W (128,678)</td>
<td>W 7,536,935</td>
</tr>
</tbody>
</table>

\(^1\) Other consists of acquisitions, disposals, dividends, impairment and reclassification.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(2) For the nine months ended September 30, 2018

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>Balance as of January 1</th>
<th>Share of profit (loss)</th>
<th>Share of other comprehensive income (loss)</th>
<th>Other1</th>
<th>Balance as of September 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung Electro-Mechanics</td>
<td>₩ 991,579</td>
<td>₩ 112,816</td>
<td>₩ 4,749</td>
<td>₩ (13,988)</td>
<td>₩ 1,095,156</td>
</tr>
<tr>
<td>Samsung SDS</td>
<td>₩ 1,282,205</td>
<td>₩ 103,254</td>
<td>₩ (1,637)</td>
<td>₩ (34,945)</td>
<td>₩ 1,348,877</td>
</tr>
<tr>
<td>Samsung Biologics</td>
<td>₩ 1,254,937</td>
<td>₩ (29,566)</td>
<td>₩ 390</td>
<td>₩ (43,839)</td>
<td>₩ 1,181,922</td>
</tr>
<tr>
<td>Samsung SDI</td>
<td>₩ 2,126,244</td>
<td>₩ 48,443</td>
<td>₩ 17,073</td>
<td>₩ (13,463)</td>
<td>₩ 2,178,297</td>
</tr>
<tr>
<td>Cheil Worldwide</td>
<td>₩ 540,114</td>
<td>₩ 27,657</td>
<td>₩ 1,846</td>
<td>-</td>
<td>₩ 547,549</td>
</tr>
<tr>
<td>Samsung Corning Advanced Glass</td>
<td>₩ 170,425</td>
<td>₩ 1,290</td>
<td>-</td>
<td>-</td>
<td>₩ 171,715</td>
</tr>
<tr>
<td>Other</td>
<td>₩ 436,847</td>
<td>₩ 25,232</td>
<td>₩ 9,363</td>
<td>₩ 10,386</td>
<td>₩ 481,828</td>
</tr>
<tr>
<td>Total</td>
<td>₩ 6,802,351</td>
<td>₩ 289,126</td>
<td>₩ 31,784</td>
<td>₩ (117,917)</td>
<td>₩ 7,005,344</td>
</tr>
</tbody>
</table>

1 Other consists of acquisitions, disposals, dividends, impairment, reclassification and the cumulative effect of changes in accounting principles.

(E) Summary of the 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 September 30, 2019 and December 31, 2018, and for the nine months ended September 30, 2019 and 2018, is as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung Electro-Mechanics</td>
<td>₩ 3,947,615</td>
</tr>
<tr>
<td>Samsung SDS</td>
<td>₩ 5,135,761</td>
</tr>
<tr>
<td>Samsung Biologics</td>
<td>₩ 2,126,244</td>
</tr>
<tr>
<td>Samsung SDI</td>
<td>₩ 1,254,937</td>
</tr>
<tr>
<td>Cheil Worldwide</td>
<td>₩ 540,114</td>
</tr>
</tbody>
</table>

Condensed financial information
Condensed statements of financial position
Current assets
Non-current assets
Current liabilities
Non-current liabilities
Non-controlling interests
Condensed statements of comprehensive income
Revenue
Profit or loss from continuing operations1
Profit from discontinued operation after income tax1
Other comprehensive income (loss)1
Total comprehensive income (loss)1
Dividends from associates
Dividends

1 Profit (loss) attributable to owners of the parent company.
Samsung Electronics Co., Ltd. and its Subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(In millions of Korean won)

<table>
<thead>
<tr>
<th></th>
<th>Samsung Electro-Mechanics</th>
<th>Samsung SDS</th>
<th>Samsung Biologics</th>
<th>Samsung SDI</th>
<th>Cheil Worldwide</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Condensed financial information</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Condensed statements of financial position</strong></td>
<td>W 3,525,293</td>
<td>W 5,881,776</td>
<td>W 1,577,684</td>
<td>W 5,519,342</td>
<td>W 1,889,015</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td>5,119,621</td>
<td>2,132,073</td>
<td>4,402,725</td>
<td>13,830,379</td>
<td>378,586</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>2,509,584</td>
<td>1,574,797</td>
<td>710,530</td>
<td>4,012,822</td>
<td>1,251,332</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>1,188,833</td>
<td>290,501</td>
<td>1,114,410</td>
<td>3,111,680</td>
<td>123,476</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>125,450</td>
<td>166,097</td>
<td>-</td>
<td>291,196</td>
<td>10,164</td>
</tr>
<tr>
<td><strong>Condensed statements of comprehensive income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>W 6,194,843</td>
<td>W 7,252,142</td>
<td>W 357,532</td>
<td>W 6,679,626</td>
<td>W 2,591,403</td>
</tr>
<tr>
<td>Profit or loss from continuing operations¹</td>
<td>470,854</td>
<td>456,676</td>
<td>(96,945)</td>
<td>446,864</td>
<td>96,072</td>
</tr>
<tr>
<td>Other comprehensive income (loss)²</td>
<td>930</td>
<td>1,331</td>
<td>1,082</td>
<td>121,490</td>
<td>(5,463)</td>
</tr>
<tr>
<td>Total comprehensive income (loss)³</td>
<td>471,784</td>
<td>458,007</td>
<td>(95,863)</td>
<td>568,354</td>
<td>90,609</td>
</tr>
</tbody>
</table>

**Dividends from associates**

| Dividends | W 13,270 | W 34,944 | W - | W 13,463 | W 22,069 |

¹ Profit (loss) attributable to owners of the parent company.

(2) A summary of condensed financial information of major joint ventures and dividends received from joint ventures as of September 30, 2019 and December 31, 2018, and for the nine months ended September 30, 2019 and 2018, is as follows:

(In millions of Korean won)

<table>
<thead>
<tr>
<th></th>
<th>Samsung Corning Advanced Glass</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Condensed financial information</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Condensed statements of financial position</strong></td>
<td>170,205</td>
<td>145,733</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>8,963</td>
<td>19,047</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalent</td>
<td>225,099</td>
<td>234,666</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial liabilities¹</td>
<td>38,463</td>
<td>33,393</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>19,891</td>
<td>17,710</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>125,450</td>
<td>166,097</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Condensed statements of comprehensive income</strong>³</td>
<td>189,245</td>
<td>177,017</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>442</td>
<td>981</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>452</td>
<td>311</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax expense</td>
<td>767</td>
<td>135</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit from continuing operations</td>
<td>5,882</td>
<td>2,558</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>5,882</td>
<td>2,558</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Dividends from joint ventures**

| Dividends | W - | W - | W - | W - |

¹ Trade payables, other payables and provisions are excluded.
² Amounts relate to the nine months ended September 30, 2019 and 2018.
(3) Profit (loss) attributable to owners of the parent company from associates and joint ventures which are not individually material for the nine months ended September 30, 2019 and 2018 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Associates</td>
<td>Joint ventures</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>₩ 26,298</td>
<td>₩ 903</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>₩ 30,378</td>
<td>₩ 12,226</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>₩ 56,676</td>
<td>₩ 13,129</td>
</tr>
</tbody>
</table>

(F) Details of marketable investments in associates as of September 30, 2019 and December 31, 2018 are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won and number of shares)</th>
<th>September 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of shares</td>
<td>Market value</td>
</tr>
<tr>
<td>Samsung Electro-Mechanics</td>
<td>17,693,084</td>
<td>₩ 1,822,388</td>
</tr>
<tr>
<td>Samsung SDS</td>
<td>17,472,110</td>
<td>₩ 3,328,437</td>
</tr>
<tr>
<td>Samsung Biologics</td>
<td>20,836,832</td>
<td>₩ 6,407,326</td>
</tr>
<tr>
<td>Samsung SDI</td>
<td>13,462,673</td>
<td>₩ 3,002,176</td>
</tr>
<tr>
<td>Cheil Worldwide</td>
<td>29,038,075</td>
<td>₩ 720,144</td>
</tr>
</tbody>
</table>

(G) Other matters

On July 12, 2018, the Korea Securities and Futures Commission determined a first measure following an investigation relating to Samsung Biologics Co., Ltd., an associate of the Company, and its accounting for its investment in Samsung Bioepis Co., Ltd, a joint venture between Biogen Therapeutics Inc. and Samsung Biologics Co., Ltd. The first measure included a recommendation to dismiss the director in charge, prosecution charges, and external auditor designation by the regulator, on the basis that the Joint Venture Agreement was not disclosed in the notes to the financial statements. On November 14, 2018, the Korea Securities and Futures Commission determined a second measure, which included a penalty of ₩ 8,000 million, a recommendation to dismiss the CEO, a requirement to restate its financial statements, and further prosecution charges.

Consequently, Samsung Biologics Co., Ltd. filed a suit for cancellation of the aforementioned measures to the Seoul Administrative Court to suspend the execution of these measures, and the respective court has pronounced a decision to suspend these measures until the final rulings on January 22, 2019 and February 19, 2019, relating to the second and first measures, respectively. The Korea Securities and Futures Commission immediately appealed against the decision to suspend execution but on May 13, 2019 and May 24, 2019, relating to the second and first measures, respectively, the Court dismissed the Korea Securities and Futures Commission’s appeal. The Korea Securities and Futures Commission has re-appealed on May 23, 2019 and June 10, 2019, relating to the second and first measures, respectively. On September 6, 2019 and October 11, 2019, the Court dismissed the Korea Securities and Futures Commission’s re-appeal, relating to the second and first measures, respectively.

Although the future outcome of the administrative litigation cannot be estimated, should Samsung Biologics Co., Ltd. be required to restate its financial statements to amend its historical accounting treatment relating to its investment in Samsung Bioepis Co., Ltd., the Company’s share of profit or loss relating to its equity method investment, the amount of investment in associates, and retained earnings, for the years ended December 31, 2015 and onwards, and the profit on disposal of investment for the year ended December 31, 2016, may be impacted. Given the timing of completion and the final result of the administrative litigation between Samsung Biologics Co., Ltd. and the Korea Securities and Futures Commission is uncertain and cannot currently be estimated, it is not possible for the Company to recognize the effects of these proceedings in the current period financial statements.
7. Property, Plant and Equipment

(A) Changes in property, plant and equipment for the nine months ended September 30, 2019 and 2018 are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of January 1</td>
<td>₩115,416,724</td>
<td>₩111,665,648</td>
</tr>
<tr>
<td>Acquisition and capital expenditures</td>
<td>₩17,675,362</td>
<td>₩22,294,169</td>
</tr>
<tr>
<td>Acquisitions through business combinations</td>
<td>₩399,324</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(₩20,026,883)</td>
<td>(₩18,569,050)</td>
</tr>
<tr>
<td>Disposals/scrap/impairment/reversal</td>
<td>(₩643,153)</td>
<td>(₩364,172)</td>
</tr>
<tr>
<td>Other</td>
<td>₩4,034,197</td>
<td>₩(23,447)</td>
</tr>
<tr>
<td><strong>Balance as of September 30</strong></td>
<td>₩116,855,571</td>
<td>₩115,003,148</td>
</tr>
</tbody>
</table>

1 Other includes the cumulative effect of changes in accounting principles, effects of changes in foreign currency exchange rates and effects of the offset related to government grants.

(B) Details of depreciation of property, plant and equipment for the nine months ended September 30, 2019 and 2018 are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of sales</td>
<td>₩17,830,935</td>
<td>₩16,910,212</td>
</tr>
<tr>
<td>Selling and administrative expenses and other</td>
<td>₩2,195,948</td>
<td>₩1,658,838</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩20,026,883</td>
<td>₩18,569,050</td>
</tr>
</tbody>
</table>

(C) Right-of-use assets as of September 30, 2019 amount to ₩3,087,494 million (January 1, 2019: ₩2,774,982 million). During the nine months ended September 30, 2019, right-of-use assets of ₩866,567 million have been newly recognized and related depreciation expense of ₩541,379 million has been recognized.

8. Intangible Assets

(A) Changes in intangible assets for the nine months ended September 30, 2019 and 2018 are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of January 1</td>
<td>₩14,891,598</td>
<td>₩14,760,483</td>
</tr>
<tr>
<td>Internally generated</td>
<td>₩285,699</td>
<td>₩229,153</td>
</tr>
<tr>
<td>External acquisitions</td>
<td>₩543,362</td>
<td>₩447,459</td>
</tr>
<tr>
<td>Acquisitions through business combinations</td>
<td>₩574,186</td>
<td>-</td>
</tr>
<tr>
<td>Amortization</td>
<td>(₩826,921)</td>
<td>(₩1,020,676)</td>
</tr>
<tr>
<td>Disposals/scrap/impairment/reversal</td>
<td>(₩39,137)</td>
<td>(₩29,131)</td>
</tr>
<tr>
<td>Other</td>
<td>₩276,887</td>
<td>₩412,808</td>
</tr>
<tr>
<td><strong>Balance as of September 30</strong></td>
<td>₩15,705,674</td>
<td>₩14,800,096</td>
</tr>
</tbody>
</table>

1 Other includes the cumulative effect of changes in accounting principles and effects of changes in foreign currency exchange rates.

(B) Details of amortization of intangible assets for the nine months ended September 30, 2019 and 2018 are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of sales</td>
<td>₩307,968</td>
<td>₩519,921</td>
</tr>
<tr>
<td>Selling and administrative expenses and other</td>
<td>₩518,953</td>
<td>₩500,755</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩826,921</td>
<td>₩1,020,676</td>
</tr>
</tbody>
</table>
9. Borrowings

Details of the carrying amounts of borrowings as of September 30, 2019 and December 31, 2018 are as follows:

<table>
<thead>
<tr>
<th>Financial institutions</th>
<th>Annual interest rates (%)</th>
<th>September 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Short-term borrowings</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collateralized borrowings(^1)</td>
<td>W 10,122,246</td>
<td>W 12,130,459</td>
<td></td>
</tr>
<tr>
<td>Non-collateralized borrowings</td>
<td>W 2,208,002</td>
<td>1,456,201</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>W 12,330,248</td>
<td>W 13,586,660</td>
<td></td>
</tr>
<tr>
<td><strong>Current portion of long-term borrowings</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank borrowings</td>
<td>W 34,800</td>
<td>W 16,880</td>
<td></td>
</tr>
<tr>
<td>Lease liabilities(^2)</td>
<td>751,800</td>
<td>11,067</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>W 786,600</td>
<td>W 27,947</td>
<td></td>
</tr>
<tr>
<td><strong>Long-term borrowings</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank borrowings</td>
<td>W -</td>
<td>W 34,963</td>
<td></td>
</tr>
<tr>
<td>Lease liabilities(^2)</td>
<td>2,002,565</td>
<td>50,122</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>W 2,002,565</td>
<td>W 85,085</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Collateralized borrowings are secured by trade receivables.
\(^2\) Interest expenses arising from the lease liabilities during the nine months ended September 30, 2019 amount to W 76,891 million, which were determined using the weighted average incremental borrowing rate. The right-of-use assets are pledged as collateral to the lessor in the event of default.

10. Debentures

Details of the carrying amounts of debentures as of September 30, 2019 and December 31, 2018 are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>Issuance date</th>
<th>Maturity date</th>
<th>Annual interest rates (%)</th>
<th>September 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>US dollar denominated straight bonds(^1)</td>
<td>1997.10.02</td>
<td>2027.10.01</td>
<td>7.7</td>
<td>W 54,059</td>
<td>W 50,315</td>
</tr>
<tr>
<td>(US $ 45 million)</td>
<td></td>
<td></td>
<td></td>
<td>(US $ 45 million)</td>
<td></td>
</tr>
<tr>
<td>US dollar denominated debenture bonds(^2)</td>
<td>2015.05.06</td>
<td>2025.05.15</td>
<td>4.2</td>
<td>480,520</td>
<td>447,240</td>
</tr>
<tr>
<td>(US $ 400 million)</td>
<td></td>
<td></td>
<td></td>
<td>(US $ 400 million)</td>
<td></td>
</tr>
<tr>
<td>EURO denominated debenture bonds(^3)</td>
<td>2015.05.20</td>
<td>2022.05.27</td>
<td>2.0</td>
<td>460,127</td>
<td>447,352</td>
</tr>
<tr>
<td>(EUR € 350 million)</td>
<td></td>
<td></td>
<td></td>
<td>(EUR € 350 million)</td>
<td></td>
</tr>
<tr>
<td>Less: Current portion</td>
<td>(6,007)</td>
<td></td>
<td></td>
<td>(5,591)</td>
<td></td>
</tr>
<tr>
<td>Less: Discounts</td>
<td>(1,113)</td>
<td></td>
<td></td>
<td>(1,208)</td>
<td></td>
</tr>
<tr>
<td>Add: Premium</td>
<td>20,472</td>
<td></td>
<td></td>
<td>23,864</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>W 1,008,058</td>
<td>W 961,972</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) US dollar denominated straight bonds are repaid annually for twenty years after a ten-year grace period from the issuance date. Interest is paid semi-annually.
\(^2\) Harman International Industries, Inc. issued dollar denominated debenture bonds. Repayment of these debentures is due on maturity date and interest is paid semi-annually.
\(^3\) Harman Finance International, SCA issued euro denominated debenture bonds. Repayment of these debentures is due on the maturity date and interest is paid annually.
11. Net Defined Benefit Liabilities (Assets)

(A) Details of net defined benefit liabilities (assets) recognized in the consolidated statements of financial position as of September 30, 2019 and December 31, 2018 are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>September 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present value of funded defined benefit obligations</td>
<td>₩9,144,210</td>
<td>₩8,443,465</td>
</tr>
<tr>
<td>Present value of unfunded defined benefit obligations</td>
<td>₩280,703</td>
<td>₩250,577</td>
</tr>
<tr>
<td>Subtotal</td>
<td>₩9,424,913</td>
<td>₩8,694,042</td>
</tr>
<tr>
<td>Fair value of plan assets</td>
<td>₩(8,730,334)</td>
<td>₩(8,752,334)</td>
</tr>
<tr>
<td>Total</td>
<td>₩694,579</td>
<td>₩(58,292)</td>
</tr>
</tbody>
</table>

(B) The amounts related to defined benefit plans recognized in the consolidated statements of profit or loss for the nine months ended September 30, 2019 and 2018 are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current service cost</td>
<td>₩690,078</td>
<td>₩613,729</td>
</tr>
<tr>
<td>Net interest income</td>
<td>₩(1,698)</td>
<td>₩(16,385)</td>
</tr>
<tr>
<td>Past service cost</td>
<td>₩937</td>
<td>₩-</td>
</tr>
<tr>
<td>Other</td>
<td>₩1,580</td>
<td>₩8,914</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩690,897</td>
<td>₩606,258</td>
</tr>
</tbody>
</table>

(C) The expenses related to defined benefit plans recognized in the consolidated statements of profit or loss for the nine months ended September 30, 2019 and 2018, by account, are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of sales</td>
<td>₩312,894</td>
<td>₩250,413</td>
</tr>
<tr>
<td>Selling and administrative expenses and other</td>
<td>₩378,003</td>
<td>₩355,845</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩690,897</td>
<td>₩606,258</td>
</tr>
</tbody>
</table>

Changes in the provisions for the nine months ended September 30, 2019 are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>Warranty (A)</th>
<th>Royalty expenses (B)</th>
<th>Long-term incentives (C)</th>
<th>Bonus (D)</th>
<th>Other (E, F)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of January 1</td>
<td>₩1,873,869</td>
<td>₩1,134,379</td>
<td>₩777,073</td>
<td>₩-</td>
<td>₩1,262,336</td>
<td>₩5,047,657</td>
</tr>
<tr>
<td>Charged to the statement of profit or loss</td>
<td>1,019,793</td>
<td>222,263</td>
<td>213,257</td>
<td>2,871,367</td>
<td>500,293</td>
<td>4,826,973</td>
</tr>
<tr>
<td>Payment</td>
<td>(1,133,957)</td>
<td>(518,499)</td>
<td>(270,580)</td>
<td>(514,002)</td>
<td>(588,014)</td>
<td>(3,025,052)</td>
</tr>
<tr>
<td>Other¹</td>
<td>70,932</td>
<td>40,762</td>
<td>10,195</td>
<td>292,154</td>
<td>(2,868)</td>
<td>411,175</td>
</tr>
<tr>
<td><strong>Balance as of September 30</strong></td>
<td>₩1,830,637</td>
<td>₩878,905</td>
<td>₩729,945</td>
<td>₩2,649,519</td>
<td>₩1,171,747</td>
<td>₩7,260,753</td>
</tr>
</tbody>
</table>

¹ Other includes effects of changes in foreign currency exchange rates.

(A) The Company accrues warranty reserves for estimated costs of quality assurance, exchanges, repairs and recalls, and future services based on historical experience and terms of warranty programs.

(B) The Company recognizes provisions for the estimated royalty expenses that are under negotiation with counterparties. The timing and amount of payment depend 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 recognizes 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.

(E) The Company records provisions for future expenses expected to be incurred for products that have been discontinued from manufacturing and sales.

(F) The Company makes provisions for the carrying amounts of emission rights held by the Company and the emission in excess of the emission rights for the applicable years. Details of emission rights and liabilities as of September 30, 2019 are as follows:

1. Allocated amount of emission permits and the estimated amount of emission as of September 30, 2019 are as follows:

<table>
<thead>
<tr>
<th>September 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocated emission permits</td>
</tr>
<tr>
<td>Estimated volume of emission</td>
</tr>
</tbody>
</table>

2. Changes in the emission permits rights for the nine months ended September 30, 2019 are as follows:

<table>
<thead>
<tr>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of January 1</td>
</tr>
<tr>
<td>Increase</td>
</tr>
<tr>
<td>Balance as of September 30</td>
</tr>
</tbody>
</table>
(3) Changes in the provisions for emissions liabilities for the nine months ended September 30, 2019 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of January 1</td>
<td>₩ 99,960</td>
</tr>
<tr>
<td>Charged to the statement of profit or loss (reversal)</td>
<td>(₩86,173)</td>
</tr>
<tr>
<td>Submission</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance as of September 30</strong></td>
<td><strong>₩13,787</strong></td>
</tr>
</tbody>
</table>

13. Commitments and Contingencies

(A) Guarantees

Details of guarantees of debt provided by the Company as of September 30, 2019 and December 31, 2018 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guarantees of debt for housing rental</td>
<td>₩ -</td>
<td>₩ 32,511</td>
</tr>
</tbody>
</table>

(B) Litigation

1. As of September 30, 2019, the Company is involved in claims, disputes, and investigations conducted by regulatory bodies, including civil claims from some overseas buyers for price-fixing related to the sale of TFT-LCD. 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 position of the Company.

2. In addition, the Company is involved in various claims, disputes, and investigations conducted by regulatory bodies, which arose during the normal course of business with numerous companies. 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 position of the Company.

14. Contract Liabilities

The Company has recognized the following contract liabilities related to contracts with customers:

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract liabilities(^1)</td>
<td>₩ 8,595,591</td>
<td>₩ 9,021,400</td>
</tr>
</tbody>
</table>

\(^1\) Contract liabilities are included in advances received, accrued expenses, other current liabilities and other.
15. Share Capital

As of September 30, 2019, the Company’s total number of authorized shares is 25,000,000,000 shares (₩ 100 per share). The Company has issued 5,969,782,550 shares of ordinary shares and 822,886,700 shares of preference shares as of September 30, 2019, excluding retired shares. Due to the retirement of shares, the total par value of the shares issued is ₩ 679,267 million (ordinary shares of ₩ 596,978 million and preference shares of ₩ 82,289 million), which does not agree with paid-in capital of ₩ 897,514 million.

16. Retained Earnings

(A) Retained earnings as of September 30, 2019 and December 31, 2018 consist of the following:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>September 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discretionary reserve and other</td>
<td>₩ 167,791,608</td>
<td>₩ 151,519,651</td>
</tr>
<tr>
<td>Unappropriated</td>
<td>83,969,740</td>
<td>91,179,305</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩ 251,761,348</td>
<td>₩ 242,698,956</td>
</tr>
</tbody>
</table>

(B) On April 30, 2019, July 31, 2019 and October 31, 2019 the Company declared cash dividends to shareholders of ordinary shares and preference shares as interim dividends for the three months ended March 31, 2019, June 30, 2019 and September 30, 2019.

Details of interim dividends for the nine months ended September 30, 2019 and 2018 are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1st quarter</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of shares eligible for dividends</td>
<td>Ordinary shares 5,969,782,550</td>
<td>Preference shares 822,886,700</td>
</tr>
<tr>
<td>Dividend rate (based on par value)</td>
<td>354%</td>
<td>354%</td>
</tr>
<tr>
<td>Dividend amount</td>
<td>Ordinary shares ₩ 2,113,303</td>
<td>Preference shares ₩ 291,302</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩ 2,404,605</td>
<td>₩ 2,404,605</td>
</tr>
<tr>
<td><strong>2nd quarter</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of shares eligible for dividends</td>
<td>Ordinary shares 5,969,782,550</td>
<td>Preference shares 822,886,700</td>
</tr>
<tr>
<td>Dividend rate (based on par value)</td>
<td>354%</td>
<td>354%</td>
</tr>
<tr>
<td>Dividend amount</td>
<td>Ordinary shares ₩ 2,113,303</td>
<td>Preference shares ₩ 291,302</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩ 2,404,605</td>
<td>₩ 2,404,605</td>
</tr>
<tr>
<td><strong>3rd quarter</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of shares eligible for dividends</td>
<td>Ordinary shares 5,969,782,550</td>
<td>Preference shares 822,886,700</td>
</tr>
<tr>
<td>Dividend rate (based on par value)</td>
<td>354%</td>
<td>354%</td>
</tr>
<tr>
<td>Dividend amount</td>
<td>Ordinary shares ₩ 2,113,303</td>
<td>Preference shares ₩ 291,302</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩ 2,404,605</td>
<td>₩ 2,404,605</td>
</tr>
</tbody>
</table>

1 During the year ended December 31, 2018, the Company’s number of shares has been changed by the share split.
17. Other Components of Equity

(A) Other components of equity as of September 30, 2019 and December 31, 2018 are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>September 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gain on valuation of financial assets at fair value through other comprehensive income</td>
<td>₩2,396,720</td>
<td>₩1,462,266</td>
</tr>
<tr>
<td>Share of other comprehensive income (loss) of associates and joint ventures</td>
<td>₩54,495</td>
<td>(₩44,212)</td>
</tr>
<tr>
<td>Foreign currency translation</td>
<td>(₩3,314,493)</td>
<td>(₩8,612,742)</td>
</tr>
<tr>
<td>Remeasurement of net defined benefit assets</td>
<td>(₩866,394)</td>
<td>(₩796,563)</td>
</tr>
<tr>
<td>Other</td>
<td>₩70,367</td>
<td>₩59,881</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩(1,659,305)</td>
<td>₩(7,931,370)</td>
</tr>
</tbody>
</table>

18. Expenses by Nature

Expenses by nature for the three and nine months ended September 30, 2019 and 2018 are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>September 30, 2019</th>
<th>September 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3 Months</td>
<td>9 Months</td>
</tr>
<tr>
<td>Changes in finished goods, work in process, etc.</td>
<td>₩606,907</td>
<td>₩(613,869)</td>
</tr>
<tr>
<td>Raw materials used, merchandise purchased, etc.</td>
<td>23,816,523</td>
<td>62,750,710</td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>5,639,703</td>
<td>17,568,331</td>
</tr>
<tr>
<td>Post-employment benefit</td>
<td>274,643</td>
<td>828,596</td>
</tr>
<tr>
<td>Depreciation</td>
<td>6,545,815</td>
<td>20,026,883</td>
</tr>
<tr>
<td>Amortization</td>
<td>321,745</td>
<td>826,921</td>
</tr>
<tr>
<td>Welfare</td>
<td>1,059,511</td>
<td>3,406,159</td>
</tr>
<tr>
<td>Utilities</td>
<td>1,163,615</td>
<td>3,332,694</td>
</tr>
<tr>
<td>Outsourcing</td>
<td>1,378,003</td>
<td>3,805,121</td>
</tr>
<tr>
<td>Advertising</td>
<td>1,111,059</td>
<td>3,189,703</td>
</tr>
<tr>
<td>Sales promotion expenses</td>
<td>1,786,359</td>
<td>5,221,738</td>
</tr>
<tr>
<td>Other</td>
<td>10,521,696</td>
<td>29,564,895</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩54,225,579</td>
<td>₩149,907,882</td>
</tr>
</tbody>
</table>

1 Equal to the sum of cost of sales and selling and administrative expenses in the interim consolidated statements of profit or loss.
19. Selling and Administrative Expenses

Selling and administrative expenses for the three and nine months ended September 30, 2019 and 2018 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3 Months</td>
<td>9 Months</td>
</tr>
<tr>
<td><strong>Selling and administrative expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>₩1,544,149</td>
<td>₩4,724,247</td>
</tr>
<tr>
<td>Post-employment benefit</td>
<td>₩67,649</td>
<td>₩202,859</td>
</tr>
<tr>
<td>Commission and service charges</td>
<td>₩1,498,492</td>
<td>₩4,099,730</td>
</tr>
<tr>
<td>Depreciation</td>
<td>₩397,765</td>
<td>₩1,172,150</td>
</tr>
<tr>
<td>Amortization</td>
<td>₩111,781</td>
<td>₩325,532</td>
</tr>
<tr>
<td>Advertising</td>
<td>₩1,111,059</td>
<td>₩3,189,703</td>
</tr>
<tr>
<td>Sales promotion expenses</td>
<td>₩1,786,359</td>
<td>₩5,221,738</td>
</tr>
<tr>
<td>Transportation</td>
<td>₩508,596</td>
<td>₩1,541,367</td>
</tr>
<tr>
<td>Warranty</td>
<td>₩698,379</td>
<td>₩2,086,205</td>
</tr>
<tr>
<td>Other</td>
<td>₩1,374,446</td>
<td>₩3,671,311</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>₩9,098,675</td>
<td>₩26,234,842</td>
</tr>
<tr>
<td><strong>Research and development expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total expenses</td>
<td>₩5,158,670</td>
<td>₩15,273,713</td>
</tr>
<tr>
<td>Capitalized expenses</td>
<td>(₩25,656)</td>
<td>(₩285,699)</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>₩5,133,014</td>
<td>₩14,988,014</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩14,231,689</td>
<td>₩41,222,856</td>
</tr>
</tbody>
</table>

20. Other Non-Operating Income and Expenses

Details of other non-operating income and expenses for the three and nine months ended September 30, 2019 and 2018 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3 Months</td>
<td>9 Months</td>
</tr>
<tr>
<td><strong>Non-operating income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend income</td>
<td>₩31,448</td>
<td>₩116,091</td>
</tr>
<tr>
<td>Rental income</td>
<td>₩40,171</td>
<td>₩115,560</td>
</tr>
<tr>
<td>Gain on disposal of investments</td>
<td>₩14,331</td>
<td>₩39,387</td>
</tr>
<tr>
<td>Gain on disposal of property, plant and equipment</td>
<td>₩14,331</td>
<td>₩39,387</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩496,993</td>
<td>₩1,178,934</td>
</tr>
<tr>
<td><strong>Non-operating expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on disposal of property, plant and equipment</td>
<td>₩25,332</td>
<td>₩103,079</td>
</tr>
<tr>
<td>Donations</td>
<td>₩87,035</td>
<td>₩287,221</td>
</tr>
<tr>
<td>Other</td>
<td>₩25,332</td>
<td>₩103,079</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩305,145</td>
<td>₩875,159</td>
</tr>
</tbody>
</table>
21. Financial Income and Expenses

(A) Details of financial income and expenses for the three and nine months ended September 30, 2019 and 2018 are as follows:

<table>
<thead>
<tr>
<th>Financial income</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3 Months</td>
<td>9 Months</td>
</tr>
<tr>
<td>Interest income</td>
<td>₩682,799</td>
<td>₩2,017,109</td>
</tr>
<tr>
<td>Interest income from financial assets measured at amortized cost</td>
<td>₩682,781</td>
<td>₩2,016,852</td>
</tr>
<tr>
<td>Interest income from financial assets measured at fair value through profit or loss</td>
<td>₩18</td>
<td>₩257</td>
</tr>
<tr>
<td>Foreign exchange differences</td>
<td>₩1,855,968</td>
<td>₩5,233,810</td>
</tr>
<tr>
<td>Gains from derivatives</td>
<td>₩257,605</td>
<td>₩613,572</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩2,796,372</td>
<td>₩7,864,491</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial expenses</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3 Months</td>
<td>9 Months</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>₩172,293</td>
<td>₩526,973</td>
</tr>
<tr>
<td>Interest expenses from financial liabilities measured at amortized cost</td>
<td>₩66,203</td>
<td>₩204,118</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>₩106,090</td>
<td>₩322,855</td>
</tr>
<tr>
<td>Foreign exchange differences</td>
<td>₩1,923,416</td>
<td>₩5,261,960</td>
</tr>
<tr>
<td>Losses from derivatives</td>
<td>₩160,174</td>
<td>₩527,174</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩2,255,883</td>
<td>₩6,316,107</td>
</tr>
</tbody>
</table>

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

22. Income Tax Expense

Income tax expense is recognized based on management’s best estimate of the weighted average annual income tax rate expected for the full financial year. The average annual tax rate expected as of September 30, 2019 to be effective for the year ended December 31, 2019 is 27.3%.
23. Earnings per Share

(A) Basic earnings per share

Basic earnings per share for the three and nine months ended September 30, 2019 and 2018 are calculated as follows:

(1) Ordinary shares

<table>
<thead>
<tr>
<th>(In millions of Korean won and thousands of number of shares)</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3 Months</td>
<td>9 Months</td>
</tr>
<tr>
<td>Profit for the period attributable to owners of the Parent company</td>
<td>₩6,105,039</td>
<td>₩16,277,059</td>
</tr>
<tr>
<td>Profit for the period available for ordinary shares</td>
<td>₩5,365,454</td>
<td>₩14,305,202</td>
</tr>
<tr>
<td>Weighted-average number of ordinary shares outstanding</td>
<td>₩5,969,783</td>
<td>₩5,969,783</td>
</tr>
<tr>
<td>Basic earnings per ordinary share (in Korean won)</td>
<td>₩899</td>
<td>₩2,396</td>
</tr>
</tbody>
</table>

(2) Preference shares

<table>
<thead>
<tr>
<th>(In millions of Korean won and thousands of number of shares)</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3 Months</td>
<td>9 Months</td>
</tr>
<tr>
<td>Profit for the period attributable to owners of the Parent company</td>
<td>₩6,105,039</td>
<td>₩16,277,059</td>
</tr>
<tr>
<td>Profit for the period available for preference shares</td>
<td>₩739,585</td>
<td>₩1,971,857</td>
</tr>
<tr>
<td>Weighted-average number of preference shares outstanding</td>
<td>₩822,887</td>
<td>₩822,887</td>
</tr>
<tr>
<td>Basic earnings per preference share (in Korean won)</td>
<td>₩899</td>
<td>₩2,396</td>
</tr>
</tbody>
</table>

(B) Diluted earnings per share

The Company does not have dilutive potential ordinary shares and as a result, basic earnings per share and diluted earnings per share are the same for the three and nine months ended September 30, 2019 and 2018.
24. Cash Flows

(A) Adjustments and changes in assets and liabilities arising from operating activities for the nine months ended September 30, 2019 and 2018 are as follows:

(1) Adjustments

(In millions of Korean won)

<table>
<thead>
<tr>
<th>Adjustments for:</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income tax expense</td>
<td>₩ 6,201,245</td>
<td>₩ 13,669,416</td>
</tr>
<tr>
<td>Financial income</td>
<td>₩ (3,150,812)</td>
<td>₩ (2,922,912)</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>₩ 1,773,458</td>
<td>₩ 1,995,250</td>
</tr>
<tr>
<td>Post-employment benefits</td>
<td>₩ 828,596</td>
<td>₩ 705,644</td>
</tr>
<tr>
<td>Depreciation</td>
<td>₩ 20,026,883</td>
<td>₩ 18,569,050</td>
</tr>
<tr>
<td>Amortization</td>
<td>₩ 826,921</td>
<td>₩ 1,020,676</td>
</tr>
<tr>
<td>Bad debt expenses (reversal)</td>
<td>₩ (205,711)</td>
<td>₩ 46,742</td>
</tr>
<tr>
<td>Dividend income</td>
<td>₩ (116,091)</td>
<td>₩ (102,619)</td>
</tr>
</tbody>
</table>
| Share of profit from associates and joint ventures | ₩ (252,672) | ₩ (289,126) |}
| Loss on disposal of property, plant and equipment | ₩ (223,067) | ₩ (272,452) |
| Post-employment benefits                | ₩ 103,079     | ₩ 59,334      |
| Loss on value of inventories and other  | ₩ 708,114     | ₩ 1,569,403   |
| Gain on disposal of investments         | ₩ (39,387)    | ₩ (16,623)    |
| Other                                   | ₩ (82,146)    | ₩ 105,531     |
| **Total**                               | ₩ 26,398,410  | ₩ 34,137,314  |

(2) Changes in assets and liabilities arising from operating activities

(In millions of Korean won)

<table>
<thead>
<tr>
<th>Changes in assets and liabilities:</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in trade receivables</td>
<td>₩ (2,435,271)</td>
<td>₩ (5,409,393)</td>
</tr>
<tr>
<td>Decrease (increase) in non-trade receivables</td>
<td>₩ 52,847</td>
<td>₩ 858,372</td>
</tr>
<tr>
<td>Decrease (increase) in advance payments</td>
<td>₩ (179,428)</td>
<td>₩ 47,854</td>
</tr>
<tr>
<td>Decrease (increase) in long-term and short-term prepaid expenses</td>
<td>₩ 307,985</td>
<td>₩ (221,570)</td>
</tr>
<tr>
<td>Increase in inventories</td>
<td>₩ (1,542,096)</td>
<td>₩ (4,960,503)</td>
</tr>
<tr>
<td>Increase in trade payables</td>
<td>₩ 869,972</td>
<td>₩ 1,189,019</td>
</tr>
<tr>
<td>Decrease in long-term and short-term other payables</td>
<td>₩ (1,298,315)</td>
<td>₩ (3,350,738)</td>
</tr>
<tr>
<td>Increase (decrease) in advances received</td>
<td>₩ 201,201</td>
<td>₩ (126,106)</td>
</tr>
<tr>
<td>Increase (decrease) in withholdings</td>
<td>₩ (136,253)</td>
<td>₩ 33,325</td>
</tr>
<tr>
<td>Decrease in accrued expenses</td>
<td>₩ (3,756,007)</td>
<td>₩ (3,989,982)</td>
</tr>
<tr>
<td>Increase in provisions</td>
<td>₩ 1,801,921</td>
<td>₩ 2,161,806</td>
</tr>
<tr>
<td>Payment of post-employment benefits</td>
<td>₩ (265,132)</td>
<td>₩ (271,804)</td>
</tr>
<tr>
<td>Other</td>
<td>₩ (987,477)</td>
<td>₩ (2,231,773)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩ (7,471,747)</td>
<td>₩ (16,271,493)</td>
</tr>
</tbody>
</table>

(A) For the nine months ended September 30, 2019, cash outflows from principal repayment (financial activities) and cash outflows due to interest expenses (operating activities) in relation to the lease liabilities amount to ₩ 494,828 million and ₩ 76,891 million, respectively.
25. 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 closely monitors each risk factor and operated corresponding financial risk management policies and program. The Company’s use of derivative instruments for hedging specific risks are included in this program.

The finance team mainly carries out the Company’s financial risk management. After implementing the global financial risk management policies, the finance team periodically measures, evaluates, and hedges financial risks.

The Company manages global financial risks by operating local finance centers at each major region (United States, United Kingdom, Singapore, China, Brazil, and Russia).

The Company’s assets that are under financial risk management are comprised of cash and cash equivalents, short-term financial instruments, financial assets at amortized cost, trade receivables and other. The Company’s liabilities under financial risk management are comprised of trade payables, borrowings, and other.

(A) Market risk

(1) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risks as it conducts transactions in currencies other than the functional currency of each entity. Major currencies that are exposed to foreign exchange risk include USD, EUR, JPY, INR, and other.

The Company focuses on minimizing the impact of foreign exchange fluctuation by maintaining the equal amount of assets and liabilities denominated in each foreign currency, irrespective of foreign exchange fluctuation considerations. To prevent exchange position, the Company’s foreign exchange management policy requires normal business transactions, including import and export, as well as financing transactions such as depositing and borrowing, to be in local currency or for the cash-in currency to be matched up with the cash-out currency.

In order to effectively manage foreign exchange risk, the Company prohibits foreign exchange transactions, with the exception of transactions made for hedging purposes, and periodically monitors and evaluates exchange risk.

(2) Price risk

The Company’s investment portfolio consists of direct and indirect investments in equity instruments classified as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, which is in line with the Company’s strategy.

As of September 30, 2019 and December 31, 2018, a price fluctuation in relation to equity instruments (listed shares) by 1% would result in changes in other comprehensive income (before income tax) of ₩39,770 million and ₩28,947 million, respectively.
(3) Interest rate risk

Risk of changes in interest rates for floating interest rate financial instruments is defined as the risk that the fair value of components of the statement of financial position, and future cash flows of interest income (expenses) of a financial instrument, will fluctuate because of changes in market interest rates. The Company’s position with regard to interest rate risk exposure is mainly driven by its floating interest rate debt obligations and interest-bearing deposits. The Company implemented policies and operates to minimize uncertainty arising from changes in interest rates and financial expenses.

The Company maintains minimum external borrowings by facilitating cash pooling systems on a regional and global basis to limit its exposure to the interest rate risk. The Company manages exposed interest rate risk via periodic monitoring and handling risk factors on a timely basis.

(B) Credit risk

Credit risk arises during the normal course of transactions and investing activities where clients or counterparties fail to discharge an obligation. The Company sets and manages the client’s and counterparty’s credit limit, and evaluates their financial credit rating on a periodic basis based on the client’s and counterparty’s financial conditions, default history and other important factors. Adequate insurance coverage is maintained for trade receivables related to trading partners situated in higher risk countries.

Credit risk can arise from transactions with financial institutions which include financial instrument transactions such as cash and cash equivalents, deposits, and derivative instruments. To minimize such risk, the Company transacts only with banks which have strong international credit rating (S&P A or higher), 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 generally enters into a financial agreement with no restrictions, such as debt ratio covenants, provision of collateral, and loans or borrowings repayment. The Company requires separate approval for contracts with restrictions.

As of September 30, 2019 and December 31, 2018, the Company estimates that its maximum exposure to credit risk is the carrying amount of its financial assets, net of impairment losses.

(C) Liquidity risk

Due to the nature of the Company’s business that requires making large investments, maintaining adequate level of liquidity risk is crucial. The Company maintains and manages adequate level of liquidity by periodically forecasting its capital balances, estimating required cash and managing income and expenses.

The Company manages its liquidity risk in advance by periodically forecasting projected cash flows. When abnormalities are identified, the Company cooperates with the local finance center to provide liquidity support by utilizing a globally integrated finance structure including Cash Pooling. Also, the Company maintains a liquidity management process that 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 financial expenses.

In addition, the Company mitigates liquidity risk by contracting with financial institutions with respect to foreign trade finance and others, and by providing payment guarantees to subsidiaries to secure required credit limit. 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 its Subsidiaries
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(D) Capital risk management

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

The Company’s capital risk management policy has not changed since the prior reporting periods. The Company has maintained an AA- and Aa3 credit rating from S&P and Moody’s, respectively.

The total liabilities to equity ratios as of September 30, 2019 and December 31, 2018 are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>September 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total liabilities</td>
<td>₩ 89,943,741</td>
<td>₩ 91,604,067</td>
</tr>
<tr>
<td>Total equity</td>
<td>263,442,244</td>
<td>247,753,177</td>
</tr>
<tr>
<td>Total liabilities to equity ratio</td>
<td>34.1%</td>
<td>37.0%</td>
</tr>
</tbody>
</table>

(E) Fair value estimation

1. Carrying amount and fair value of financial instruments by category as of September 30, 2019 and December 31, 2018 are as follows:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>September 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>₩ 26,604,994</td>
<td>₩ 30,340,505</td>
</tr>
<tr>
<td>Short-term financial instruments</td>
<td>₩ 69,476,971</td>
<td>₩ 65,893,797</td>
</tr>
<tr>
<td>Short-term financial assets at amortized cost</td>
<td>₩ 4,021,901</td>
<td>₩ 2,703,693</td>
</tr>
<tr>
<td>Short-term financial assets at fair value through profit or loss</td>
<td>₩ 1,842,611</td>
<td>₩ 2,001,948</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>₩ 40,367,204</td>
<td>₩ 33,867,733</td>
</tr>
<tr>
<td>Financial assets at amortized cost</td>
<td>₩ 134,641</td>
<td>₩ 238,309</td>
</tr>
<tr>
<td>Financial assets at fair value through other comprehensive income</td>
<td>₩ 8,728,038</td>
<td>₩ 7,301,351</td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td>₩ 962,889</td>
<td>₩ 775,427</td>
</tr>
<tr>
<td>Other</td>
<td>₩ 9,966,716</td>
<td>₩ 9,313,133</td>
</tr>
<tr>
<td>Total financial assets</td>
<td>₩ 162,105,965</td>
<td>₩ 152,435,896</td>
</tr>
</tbody>
</table>

| Financial liabilities                      |                    |                   |
| Trade payables                             | ₩ 11,422,269       | ₩ 8,479,916       |
| Short-term borrowings                      | ₩ 12,330,248       | ₩ 13,586,660      |
| Other payables                             | ₩ 8,630,882        | ₩ 9,779,287       |
| Current portion of long-term liabilities²  | ₩ 792,467          | ₩ 33,386          |
| Debentures                                 | ₩ 1,008,058        | ₩ 961,972         |
| Long-term borrowings³                       | ₩ 2,002,565        | ₩ 85,085          |
| Long-term other payables²                  | ₩ 2,059,916        | ₩ 2,860,002       |
| Other²                                     | ₩ 9,001,799        | ₩ 8,832,523       |
| Total financial liabilities                | ₩ 47,248,204       | ₩ 44,618,831      |

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

2. Financial assets of ₩ 9,716,944 million (December 31, 2018: ₩ 9,229,044 million) and financial liabilities of ₩ 10,876,035 million (December 31, 2018: ₩ 11,636,385 million) are excluded as the carrying amount is a reasonable approximation of fair value.

3. Lease liabilities, classified under the current portion of long-term liabilities and long-term borrowings, are excluded from the fair value disclosures in accordance with Korean IFRS 1107.
(2) Fair value hierarchy classification of the financial instruments that are measured at fair value or its fair value is disclosed as of September 30, 2019 and December 31, 2018 are as follows:

### September 30, 2019

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total balance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets at fair value through other comprehensive income</td>
<td>₩ 3,829,183</td>
<td>₩ -</td>
<td>₩ 4,898,855</td>
<td>₩ 8,728,038</td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td>₩ 147,782</td>
<td>₩ 25,954</td>
<td>₩ 2,631,764</td>
<td>₩ 2,805,500</td>
</tr>
<tr>
<td>Other</td>
<td>₩ -</td>
<td>₩ 249,772</td>
<td>₩ -</td>
<td>₩ 249,772</td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debentures</td>
<td>₩ -</td>
<td>₩ 1,059,938</td>
<td>₩ -</td>
<td>₩ 1,059,938</td>
</tr>
<tr>
<td>Long-term other payables</td>
<td>₩ -</td>
<td>₩ -</td>
<td>₩ 2,403</td>
<td>₩ 2,403</td>
</tr>
<tr>
<td>Other</td>
<td>₩ -</td>
<td>₩ 183,277</td>
<td>₩ -</td>
<td>₩ 183,277</td>
</tr>
</tbody>
</table>

### December 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total balance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets at fair value through other comprehensive income</td>
<td>₩ 2,884,633</td>
<td>₩ -</td>
<td>₩ 4,416,718</td>
<td>₩ 7,301,351</td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td>₩ 10,124</td>
<td>₩ 18,503</td>
<td>₩ 2,748,747</td>
<td>₩ 2,777,375</td>
</tr>
<tr>
<td>Other</td>
<td>₩ -</td>
<td>₩ 84,089</td>
<td>₩ -</td>
<td>₩ 84,089</td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debentures</td>
<td>₩ -</td>
<td>₩ 964,182</td>
<td>₩ -</td>
<td>₩ 964,182</td>
</tr>
<tr>
<td>Long-term other payables</td>
<td>₩ -</td>
<td>₩ -</td>
<td>₩ 13,417</td>
<td>₩ 13,417</td>
</tr>
<tr>
<td>Other</td>
<td>₩ -</td>
<td>₩ 41,639</td>
<td>₩ 1,085</td>
<td>₩ 42,723</td>
</tr>
</tbody>
</table>

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**: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- **Level 3**: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

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. The instruments included in Level 1 are listed equity investments most of which are classified as financial assets at fair value through other comprehensive income.

The fair value of financial instruments that are not traded in an active market 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 measure the fair value of an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3.
Samsung Electronics Co., Ltd. and its Subsidiaries

NOTES TO THE 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 back 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 non-trade receivables that are classified as current assets, the carrying amount approximates a reasonable estimate of fair value.

(3) Valuation technique and the inputs

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

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

(In millions of Korean won)

<table>
<thead>
<tr>
<th>Classification</th>
<th>Fair value</th>
<th>Valuation technique</th>
<th>Level 3 inputs</th>
<th>Input range (Weighted average)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets at fair value through other comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maltani</td>
<td>₩10,923</td>
<td>Discounted cash flow</td>
<td>Permanent growth rate</td>
<td>-1.0% ~ 1.0% (0%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Weighted average cost of capital</td>
<td>8.8% ~ 10.8% (9.8%)</td>
</tr>
<tr>
<td>Samsung Venture Investment</td>
<td>₩7,720</td>
<td>Discounted cash flow</td>
<td>Permanent growth rate</td>
<td>-1.0% ~ 1.0% (0%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Weighted average cost of capital</td>
<td>17.5% ~ 19.5% (18.5%)</td>
</tr>
<tr>
<td>Corning incorporated convertible preference shares</td>
<td>₩4,058,926</td>
<td>Trinomial model</td>
<td>Risk adjusted discount rate</td>
<td>4.3% ~ 6.3% (5.3%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Price volatility</td>
<td>22.3% ~ 28.3% (25.3%)</td>
</tr>
<tr>
<td>Long-term other payables</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contingent financial liability</td>
<td>₩2,403</td>
<td>Probability-weighted discounted cash flow</td>
<td>Applicable probability rate</td>
<td>50.0%</td>
</tr>
</tbody>
</table>

52
(4) Changes in Level 3 instruments:

(In millions of Korean won)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as of January 1</td>
<td>W 7,165,466</td>
<td>W 3,652,574</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>3,142,151</td>
<td>247,848</td>
</tr>
<tr>
<td>Disposals</td>
<td>(3,277,968)</td>
<td>(59,039)</td>
</tr>
<tr>
<td>Amount recognized in profit or loss</td>
<td>25,104</td>
<td>14,064</td>
</tr>
<tr>
<td>Amount recognized in other comprehensive income</td>
<td>384,555</td>
<td>335,396</td>
</tr>
<tr>
<td>Other¹</td>
<td>91,311</td>
<td>1,176,132</td>
</tr>
<tr>
<td><strong>Balance as of September 30</strong></td>
<td>W 7,530,619</td>
<td>W 5,366,975</td>
</tr>
</tbody>
</table>

¹ Other includes cumulative effects of changes in accounting principles.

(In millions of Korean won)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as of January 1</td>
<td>W 14,502</td>
<td>W 351,918</td>
</tr>
<tr>
<td>Settlement</td>
<td>(1,127)</td>
<td>(322,920)</td>
</tr>
<tr>
<td>Amount recognized in profit or loss</td>
<td>(11,617)</td>
<td>5,992</td>
</tr>
<tr>
<td>Other</td>
<td>644</td>
<td>862</td>
</tr>
<tr>
<td><strong>Balance as of September 30</strong></td>
<td>W 2,403</td>
<td>W 35,852</td>
</tr>
</tbody>
</table>

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

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

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

(In millions of Korean won)

<table>
<thead>
<tr>
<th>Classification</th>
<th>Favorable changes</th>
<th>Unfavorable changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets at fair value through other comprehensive income¹</td>
<td>W - W 167,762</td>
<td>W (126,446)</td>
</tr>
</tbody>
</table>

¹ For equity instruments, changes in fair value are calculated based on the correlation between growth rate (–1.0% ~ 1.0%), volatility (22.3% ~ 28.3%) and discount rate, which are significant unobservable inputs.
26. Segment Information

(A) Operating segment information

The chief operating decision maker has been identified as the Management Committee. The Company determines operating segments based on the units reported to the Management Committee. The Management Committee reviews operating profits of each operating segment’s performance in order to make strategic decisions regarding allocation of resources to the segment.

The operating segments are product-based and are identified based on the internal organization and revenue streams. As of the reporting date, the operating segments are comprised of CE, IM, Semiconductor, DP, Harman and other.

The segment information for each reporting period is prepared after the allocation of internal transaction adjustments such as depreciation, amortization of intangible assets and operating profits. Total assets and liabilities of each operating segment are excluded from the disclosure as these have not been provided regularly to the Management Committee.

(1) For the nine months ended September 30, 2019

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CE</td>
<td>IM</td>
<td>Total¹</td>
<td>Semiconductor</td>
<td>DP</td>
<td>Harman</td>
<td>Total²</td>
<td>Intercompany elimination within the Company</td>
<td>Consolidated</td>
</tr>
<tr>
<td>Intercompany revenue</td>
<td>(41,703,689)</td>
<td>(90,263,064)</td>
<td>(69,935,003)</td>
<td>(42,225,147)</td>
<td>(25,456,470)</td>
<td>(1,258,090)</td>
<td>(227,169,556)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net revenue²</td>
<td>32,043,629</td>
<td>82,314,841</td>
<td>70,782,612</td>
<td>48,147,211</td>
<td>23,008,252</td>
<td>7,343,872</td>
<td>170,516,121</td>
<td>-</td>
<td>170,516,121</td>
</tr>
<tr>
<td>Depreciation</td>
<td>399,274</td>
<td>923,822</td>
<td>17,790,165</td>
<td>12,842,033</td>
<td>4,922,067</td>
<td>249,594</td>
<td>20,026,883</td>
<td>-</td>
<td>20,026,883</td>
</tr>
<tr>
<td>Amortization</td>
<td>25,044</td>
<td>76,592</td>
<td>415,722</td>
<td>332,651</td>
<td>77,747</td>
<td>171,518</td>
<td>826,921</td>
<td>-</td>
<td>826,921</td>
</tr>
<tr>
<td>Operating profit</td>
<td>1,801,278</td>
<td>6,752,053</td>
<td>11,925,026</td>
<td>10,569,544</td>
<td>1,361,650</td>
<td>199,127</td>
<td>20,608,239</td>
<td>-</td>
<td>20,608,239</td>
</tr>
</tbody>
</table>

¹ Includes amounts which do not specifically fall into the specific operating segments presented above.
² Segment net revenue includes intersegment revenues.

(2) For the three months ended September 30, 2019

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CE</td>
<td>IM</td>
<td>Total¹</td>
<td>Semiconductor</td>
<td>DP</td>
<td>Harman</td>
<td>Total²</td>
<td>Intercompany elimination within the Company</td>
<td>Consolidated</td>
</tr>
<tr>
<td>Total segment revenue</td>
<td>W 26,043,844</td>
<td>W 60,460,589</td>
<td>W 54,079,039</td>
<td>W 33,508,048</td>
<td>W 19,920,646</td>
<td>W 3,051,745</td>
<td>W 144,311,780</td>
<td>W (82,308,309)</td>
<td>W 62,003,471</td>
</tr>
<tr>
<td>Intercompany revenue</td>
<td>(15,109,080)</td>
<td>(31,206,495)</td>
<td>(27,443,094)</td>
<td>(15,920,936)</td>
<td>(10,658,383)</td>
<td>(420,512)</td>
<td>(82,308,309)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>399,274</td>
<td>923,822</td>
<td>17,790,165</td>
<td>12,842,033</td>
<td>4,922,067</td>
<td>249,594</td>
<td>20,026,883</td>
<td>-</td>
<td>20,026,883</td>
</tr>
<tr>
<td>Amortization</td>
<td>25,044</td>
<td>76,592</td>
<td>415,722</td>
<td>332,651</td>
<td>77,747</td>
<td>171,518</td>
<td>826,921</td>
<td>-</td>
<td>826,921</td>
</tr>
<tr>
<td>Operating profit</td>
<td>1,801,278</td>
<td>6,752,053</td>
<td>11,925,026</td>
<td>10,569,544</td>
<td>1,361,650</td>
<td>199,127</td>
<td>20,608,239</td>
<td>-</td>
<td>20,608,239</td>
</tr>
</tbody>
</table>

¹ Includes amounts which do not specifically fall into the specific operating segments presented above.
² Segment net revenue includes intersegment revenues.
Samsung Electronics Co., Ltd. and its Subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(3) For the nine months ended September 30, 2018

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>CE</th>
<th>IM</th>
<th>Total¹</th>
<th>Semiconductor</th>
<th>DP</th>
<th>Harman</th>
<th>Total¹</th>
<th>Intercompany elimination within the Company</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercompany revenue</td>
<td>(38,699,109)</td>
<td>(87,820,191)</td>
<td>(92,916,865)</td>
<td>(62,662,375)</td>
<td>(26,670,515)</td>
<td>(1,620,241)</td>
<td>(242,930,019)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net revenue²</td>
<td>30,321,529</td>
<td>77,358,132</td>
<td>90,805,651</td>
<td>67,543,491</td>
<td>23,290,773</td>
<td>6,292,048</td>
<td>184,506,365</td>
<td>-</td>
<td>184,506,365</td>
</tr>
<tr>
<td>Depreciation</td>
<td>407,032</td>
<td>871,145</td>
<td>16,846,472</td>
<td>11,926,478</td>
<td>4,831,653</td>
<td>171,811</td>
<td>18,569,050</td>
<td>-</td>
<td>18,569,050</td>
</tr>
<tr>
<td>Amortization</td>
<td>28,716</td>
<td>97,003</td>
<td>574,783</td>
<td>477,175</td>
<td>87,269</td>
<td>166,860</td>
<td>1,020,676</td>
<td>-</td>
<td>1,020,676</td>
</tr>
<tr>
<td>Operating profit</td>
<td>1,347,200</td>
<td>8,660,035</td>
<td>38,018,029</td>
<td>36,806,613</td>
<td>1,644,879</td>
<td>89,203</td>
<td>48,086,070</td>
<td>-</td>
<td>48,086,070</td>
</tr>
</tbody>
</table>

¹ Includes amounts which do not specifically fall into the specific operating segments presented above.
² Segment net revenue includes intersegment revenues.

(4) For the three months ended September 30, 2018

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>CE</th>
<th>IM</th>
<th>Total¹</th>
<th>Semiconductor</th>
<th>DP</th>
<th>Harman</th>
<th>Total¹</th>
<th>Intercompany elimination within the Company</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total segment revenue</td>
<td>W 24,653,460</td>
<td>W 54,437,539</td>
<td>W 70,658,901</td>
<td>W 47,900,414</td>
<td>W 21,769,702</td>
<td>W 2,686,602</td>
<td>W 153,076,001</td>
<td>W (87,616,008)</td>
<td>W 65,459,993</td>
</tr>
<tr>
<td>Intercompany revenue</td>
<td>(14,474,699)</td>
<td>(29,524,922)</td>
<td>(35,897,414)</td>
<td>(23,132,303)</td>
<td>(11,681,500)</td>
<td>(469,892)</td>
<td>(87,616,008)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net revenue²</td>
<td>10,178,761</td>
<td>24,912,617</td>
<td>34,761,487</td>
<td>24,768,111</td>
<td>10,088,202</td>
<td>2,216,710</td>
<td>65,459,993</td>
<td>-</td>
<td>65,459,993</td>
</tr>
<tr>
<td>Depreciation</td>
<td>134,773</td>
<td>305,022</td>
<td>5,903,203</td>
<td>4,294,502</td>
<td>1,584,411</td>
<td>57,107</td>
<td>6,481,244</td>
<td>-</td>
<td>6,481,244</td>
</tr>
<tr>
<td>Amortization</td>
<td>9,213</td>
<td>30,713</td>
<td>192,551</td>
<td>161,671</td>
<td>27,431</td>
<td>58,184</td>
<td>342,615</td>
<td>-</td>
<td>342,615</td>
</tr>
<tr>
<td>Operating profit</td>
<td>558,986</td>
<td>2,221,241</td>
<td>14,564,055</td>
<td>13,650,341</td>
<td>1,101,089</td>
<td>80,978</td>
<td>17,574,865</td>
<td>-</td>
<td>17,574,865</td>
</tr>
</tbody>
</table>

¹ Includes amounts which do not specifically fall into the specific operating segments presented above.
² Segment net revenue includes intersegment revenues.
Samsung Electronics Co., Ltd. and its Subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(B) Regional information

The regional segment information as of and for the three and nine months ended September 30, 2019 and 2018 is as follows:

1. As of and for the nine months ended September 30, 2019

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>Korea</th>
<th>America</th>
<th>Europe</th>
<th>Asia and Africa</th>
<th>China</th>
<th>Intercompany elimination within the Company</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net segment revenue</td>
<td>W26,636,899</td>
<td>W53,407,531</td>
<td>W30,810,616</td>
<td>W32,434,060</td>
<td>W27,227,015</td>
<td>W</td>
<td>W170,516,121</td>
</tr>
<tr>
<td>Non-current assets¹</td>
<td>92,909,605</td>
<td>10,766,839</td>
<td>6,609,862</td>
<td>11,833,968</td>
<td>10,785,955</td>
<td>(444,984)</td>
<td>132,561,245</td>
</tr>
</tbody>
</table>

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

2. As of and for the three months ended September 30, 2019

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>Korea</th>
<th>America</th>
<th>Europe</th>
<th>Asia and Africa</th>
<th>China</th>
<th>Intercompany elimination within the Company</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net segment revenue</td>
<td>W10,422,240</td>
<td>W19,689,111</td>
<td>W10,766,389</td>
<td>W11,084,404</td>
<td>W10,041,327</td>
<td>W</td>
<td>W62,003,471</td>
</tr>
<tr>
<td>Non-current assets¹</td>
<td>92,909,605</td>
<td>10,766,839</td>
<td>6,609,862</td>
<td>11,833,968</td>
<td>10,785,955</td>
<td>(444,984)</td>
<td>132,561,245</td>
</tr>
</tbody>
</table>

¹ 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 nine months ended September 30, 2018

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>Korea</th>
<th>America</th>
<th>Europe</th>
<th>Asia and Africa</th>
<th>China</th>
<th>Intercompany elimination within the Company</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net segment revenue</td>
<td>W24,737,974</td>
<td>W61,234,078</td>
<td>W31,721,437</td>
<td>W32,836,589</td>
<td>W33,976,287</td>
<td>W</td>
<td>W184,506,365</td>
</tr>
<tr>
<td>Non-current assets¹</td>
<td>93,699,847</td>
<td>10,055,368</td>
<td>6,070,517</td>
<td>11,846,848</td>
<td>8,784,903</td>
<td>(654,239)</td>
<td>129,803,244</td>
</tr>
</tbody>
</table>

¹ 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 September 30, 2018

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>Korea</th>
<th>America</th>
<th>Europe</th>
<th>Asia and Africa</th>
<th>China</th>
<th>Intercompany elimination within the Company</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net segment revenue</td>
<td>W9,950,388</td>
<td>W22,471,989</td>
<td>W10,188,062</td>
<td>W10,438,224</td>
<td>W12,411,330</td>
<td>W</td>
<td>W65,459,993</td>
</tr>
<tr>
<td>Non-current assets¹</td>
<td>93,699,847</td>
<td>10,055,368</td>
<td>6,070,517</td>
<td>11,846,848</td>
<td>8,784,903</td>
<td>(654,239)</td>
<td>129,803,244</td>
</tr>
</tbody>
</table>

¹ Total of non-current assets other than financial instruments, deferred tax assets, and investments in associates and joint ventures.
27. Related Party Transactions

(A) Sale and purchase transactions

Sale and purchase transactions with related parties for the nine months ended September 30, 2019 and 2018, are as follows:

<table>
<thead>
<tr>
<th>Name of company</th>
<th>Sales and other (In millions of Korean won)</th>
<th>Disposal of non-current assets and other</th>
<th>Purchases and other</th>
<th>Purchase of non-current assets and other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung SDS</td>
<td>W 63,288</td>
<td>W -</td>
<td>W 1,581,365</td>
<td>W 301,686</td>
</tr>
<tr>
<td>Samsung Electro-Mechanics</td>
<td>44,358</td>
<td>-</td>
<td>1,767,700</td>
<td>16</td>
</tr>
<tr>
<td>Samsung SDI</td>
<td>78,506</td>
<td>16,106</td>
<td>465,086</td>
<td>67,407</td>
</tr>
<tr>
<td>Cheil Worldwide</td>
<td>24,801</td>
<td>-</td>
<td>622,250</td>
<td>958</td>
</tr>
<tr>
<td>Other</td>
<td>720,805</td>
<td>2</td>
<td>7,904,289</td>
<td>192,211</td>
</tr>
<tr>
<td>Total (Associates and joint ventures)</td>
<td>W 931,758</td>
<td>W 16,108</td>
<td>W 12,340,690</td>
<td>W 356,278</td>
</tr>
<tr>
<td>Samsung C&amp;T</td>
<td>W 104,184</td>
<td>W -</td>
<td>W 287,592</td>
<td>W 3,192,970</td>
</tr>
<tr>
<td>Other</td>
<td>149,012</td>
<td>-</td>
<td>828,046</td>
<td>480,637</td>
</tr>
<tr>
<td>Total (Other related parties)</td>
<td>W 253,196</td>
<td>W -</td>
<td>W 1,115,638</td>
<td>W 3,673,607</td>
</tr>
<tr>
<td>Samsung Engineering</td>
<td>W 3,784</td>
<td>W -</td>
<td>W 43,689</td>
<td>W 1,203,663</td>
</tr>
<tr>
<td>S-1</td>
<td>14,465</td>
<td>-</td>
<td>300,832</td>
<td>11,777</td>
</tr>
<tr>
<td>Other</td>
<td>95,319</td>
<td>38</td>
<td>309,888</td>
<td>267,265</td>
</tr>
<tr>
<td>Total (Other)</td>
<td>W 113,568</td>
<td>W 38</td>
<td>W 654,409</td>
<td>W 1,482,705</td>
</tr>
</tbody>
</table>

1 Transactions with separate entities that are related parties of the Company.
2 Although these entities are not related parties of the Company in accordance with Korean IFRS 1024, they belong to the same large enterprise group in accordance with the Monopoly Regulation and Fair Trade Act.

<table>
<thead>
<tr>
<th>Name of company</th>
<th>Sales and other (In millions of Korean won)</th>
<th>Disposal of non-current assets and other</th>
<th>Purchases and other</th>
<th>Purchase of non-current assets and other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung SDS</td>
<td>W 59,533</td>
<td>W -</td>
<td>W 1,562,247</td>
<td>W 272,066</td>
</tr>
<tr>
<td>Samsung Electro-Mechanics</td>
<td>47,651</td>
<td>-</td>
<td>1,631,481</td>
<td>77,347</td>
</tr>
<tr>
<td>Samsung SDI</td>
<td>51,195</td>
<td>-</td>
<td>610,839</td>
<td>3,258</td>
</tr>
<tr>
<td>Cheil Worldwide</td>
<td>24,768</td>
<td>-</td>
<td>649,160</td>
<td>3,258</td>
</tr>
<tr>
<td>Other</td>
<td>734,731</td>
<td>-</td>
<td>7,180,346</td>
<td>146,075</td>
</tr>
<tr>
<td>Total (Associates and joint ventures)</td>
<td>W 917,878</td>
<td>W -</td>
<td>W 11,634,073</td>
<td>W 498,757</td>
</tr>
<tr>
<td>Samsung C&amp;T</td>
<td>W 82,924</td>
<td>W 183</td>
<td>W 240,816</td>
<td>W 2,670,286</td>
</tr>
<tr>
<td>Other</td>
<td>123,339</td>
<td>-</td>
<td>759,604</td>
<td>629,321</td>
</tr>
<tr>
<td>Total (Other related parties)</td>
<td>W 206,263</td>
<td>W 183</td>
<td>W 1,000,420</td>
<td>W 3,299,607</td>
</tr>
<tr>
<td>Samsung Engineering</td>
<td>W 2,753</td>
<td>W -</td>
<td>W 17,180</td>
<td>W 981,671</td>
</tr>
<tr>
<td>S-1</td>
<td>27,761</td>
<td>258</td>
<td>294,703</td>
<td>25,651</td>
</tr>
<tr>
<td>Other</td>
<td>119,609</td>
<td>-</td>
<td>288,532</td>
<td>190,119</td>
</tr>
<tr>
<td>Total (Other)</td>
<td>W 150,123</td>
<td>W 258</td>
<td>W 600,415</td>
<td>W 1,197,441</td>
</tr>
</tbody>
</table>

1 Transactions with separate entities that are related parties of the Company.
2 Although these entities are not related parties of the Company in accordance with Korean IFRS 1024, they belong to the same large enterprise group in accordance with the Monopoly Regulation and Fair Trade Act.
Balances of receivables due from and payables due to related parties as of September 30, 2019 and December 31, 2018 are as follows:

### September 30, 2019

<table>
<thead>
<tr>
<th>Name of company(^1)</th>
<th>Receivables</th>
<th>Payables</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Associates and joint ventures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Samsung SDS</td>
<td>W 3,517</td>
<td>W 548,717</td>
</tr>
<tr>
<td>Samsung Electro-Mechanics</td>
<td>1,854</td>
<td>381,885</td>
</tr>
<tr>
<td>Samsung SDI</td>
<td>105,192</td>
<td>129,349</td>
</tr>
<tr>
<td>Cheil Worldwide</td>
<td>151</td>
<td>353,288</td>
</tr>
<tr>
<td>Other</td>
<td>229,177</td>
<td>1,099,288</td>
</tr>
<tr>
<td><strong>Total (Associates and joint ventures)</strong></td>
<td>W 339,888</td>
<td>W 2,512,527</td>
</tr>
<tr>
<td><strong>Other related parties</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Samsung C&amp;T</td>
<td>W 270,178</td>
<td>W 1,270,683</td>
</tr>
<tr>
<td>Other</td>
<td>34,839</td>
<td>186,568</td>
</tr>
<tr>
<td><strong>Total (Other related parties)</strong></td>
<td>W 305,017</td>
<td>W 1,457,251</td>
</tr>
<tr>
<td><strong>Other(^2)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Samsung Engineering</td>
<td>W 2,191</td>
<td>W 206,430</td>
</tr>
<tr>
<td>S-1</td>
<td>1,752</td>
<td>28,208</td>
</tr>
<tr>
<td>Other</td>
<td>10,328</td>
<td>48,735</td>
</tr>
<tr>
<td><strong>Total (Other)</strong></td>
<td>W 14,271</td>
<td>W 283,373</td>
</tr>
</tbody>
</table>

\(^1\) Balances due from and to separate entities that are related parties of the Company.
\(^2\) Although these entities are not related parties of the Company in accordance with Korean IFRS 1024, they belong to the same large enterprise group in accordance with the Monopoly Regulation and Fair Trade Act.

### December 31, 2018

<table>
<thead>
<tr>
<th>Name of company(^1)</th>
<th>Receivables</th>
<th>Payables</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Associates and joint ventures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Samsung SDS</td>
<td>W 5,294</td>
<td>W 490,611</td>
</tr>
<tr>
<td>Samsung Electro-Mechanics</td>
<td>3,518</td>
<td>163,668</td>
</tr>
<tr>
<td>Samsung SDI</td>
<td>102,641</td>
<td>73,398</td>
</tr>
<tr>
<td>Cheil Worldwide</td>
<td>241</td>
<td>465,517</td>
</tr>
<tr>
<td>Other</td>
<td>282,849</td>
<td>1,067,439</td>
</tr>
<tr>
<td><strong>Total (Associates and joint ventures)</strong></td>
<td>W 394,543</td>
<td>W 2,260,633</td>
</tr>
<tr>
<td><strong>Other related parties</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Samsung C&amp;T</td>
<td>W 225,606</td>
<td>W 1,725,547</td>
</tr>
<tr>
<td>Other(^2)</td>
<td>19,676</td>
<td>183,395</td>
</tr>
<tr>
<td><strong>Total (Other related parties)</strong></td>
<td>W 245,282</td>
<td>W 1,908,942</td>
</tr>
<tr>
<td><strong>Other(^3)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Samsung Engineering</td>
<td>W 1,078</td>
<td>W 581,153</td>
</tr>
<tr>
<td>S-1</td>
<td>3,149</td>
<td>37,785</td>
</tr>
<tr>
<td>Other</td>
<td>4,696</td>
<td>47,502</td>
</tr>
<tr>
<td><strong>Total (Other)</strong></td>
<td>W 8,923</td>
<td>W 666,440</td>
</tr>
</tbody>
</table>

\(^1\) Balances due from and to separate entities that are related parties of the Company.
\(^2\) As of December 31, 2018, there were no payables to Samsung Card relating to unsettled amounts from purchasing cards. The Company has a purchasing card agreement with Samsung Card with a limit of W 2,543,000 million as of December 31, 2018. For the year ended December 31, 2018, the amounts used and reimbursed were W 3,724,851 million and W 4,846,182 million, respectively.
\(^3\) Although these entities are not related parties of the Company in accordance with Korean IFRS 1024, they belong to the same large enterprise group in accordance with the Monopoly Regulation and Fair Trade Act.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(C) For the nine months ended September 30, 2019, the Company invested ₩9,822 million (for the nine months ended September 30, 2018: ₩17,564 million) in associates and joint ventures. And for the nine months ended September 30, 2019, the Company recovered ₩1,437 million (for the nine months ended September 30, 2018: ₩148 million) from associates and joint ventures. In addition, for the nine months ended September 30, 2019, the Company acquired the PLP business of Samsung Electro-Mechanics, an associate, at a price of ₩785,000 million. For nine months ended September 30, 2018, the Company invested ₩204,055 million in Samsung Heavy Industries, one of the entities that are not related parties of the Company in accordance with Korean IFRS 1024, but belongs to the same large enterprise group in accordance with the Monopoly Regulation and Fair Trade Act.

(D) For the nine months ended September 30, 2019, the Company declared ₩1,246,411 million of dividends (for the nine months ended September 30, 2018: ₩1,357,898 million) to related parties. Also, for the nine months ended September 30, 2019, the Company declared ₩94,308 million of dividends (for the nine months ended September 30, 2018: ₩104,206 million) to entities that are not related parties of the Company in accordance with Korean IFRS 1024, but belong to the same large enterprise group in accordance with the Monopoly Regulation and Fair Trade Act. As of September 30, 2019 and December 31, 2018, there are no unpaid dividends to these entities.

(E) For the nine months ended September 30, 2019, the Company has not entered into any lease agreement with its related parties, and lease payments to the related party amount to ₩42,577 million.

(F) Key management compensation

The compensation paid or payable to key management (executive directors) for their services for the nine months ended September 30, 2019 and 2018 consists of:

<table>
<thead>
<tr>
<th>(In millions of Korean won)</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term employee benefits</td>
<td>₩5,021</td>
<td>₩7,100</td>
</tr>
<tr>
<td>Post-employment benefits</td>
<td>1,054</td>
<td>1,083</td>
</tr>
<tr>
<td>Other long-term employee benefits</td>
<td>4,837</td>
<td>6,142</td>
</tr>
</tbody>
</table>

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28. Business Combination

Significant business combinations for the nine months ended September 30, 2019 are as follows:

(A) Acquisition of Corephotonics Ltd.

Samsung Electronics Benelux (SEBN), the Company’s subsidiary, acquired 83.9% of the equity shares of Corephotonics Ltd. on January 28, 2019 and an additional 8.5% on March 4, 2019 to secure CIS optical technology and talent.

(1) Overview of the acquired company

<table>
<thead>
<tr>
<th>Name of the acquired company</th>
<th>Corephotonics Ltd.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headquarter location</td>
<td>Tel Aviv, Israel</td>
</tr>
<tr>
<td>Representative director</td>
<td>David Mendlovic</td>
</tr>
<tr>
<td>Industry</td>
<td>Development of camera solutions</td>
</tr>
</tbody>
</table>

(2) Purchase price allocation

(In millions of Korean won)

<table>
<thead>
<tr>
<th>I. Consideration transferred</th>
<th>W</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value of share equity prior to the merger</td>
<td>13,326</td>
</tr>
<tr>
<td>Fair value of additional consideration transferred</td>
<td>160,214</td>
</tr>
<tr>
<td>Total consideration transferred</td>
<td>173,450</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>II. Identifiable assets and liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
</tr>
<tr>
<td>Short-term financial assets, etc.</td>
</tr>
<tr>
<td>Trade and other receivables</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
</tr>
<tr>
<td>Intangible assets</td>
</tr>
<tr>
<td>Other assets</td>
</tr>
<tr>
<td>Other payables</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
</tr>
<tr>
<td>Other liabilities</td>
</tr>
<tr>
<td><strong>Total net identifiable assets</strong></td>
</tr>
</tbody>
</table>

| III. Total identifiable assets recognized as non-controlling interest | 77 |

<table>
<thead>
<tr>
<th>IV. Goodwill (I – II+ III)</th>
<th>W</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>72,735</td>
</tr>
</tbody>
</table>

1 As of January 28, 2019, other expenses of W 500 million were recognized in relation to the remeasurement of fair value of the 7.6% shares of Corephotonics Ltd. held by Samsung Venture Capital Union #28, the Company’s subsidiary, prior to the business combination.

2 Non-controlling interest from business combination is measured proportionately to the share of the fair valued Corephotonics Ltd.’s net identifiable assets.

Had Corephotonics Ltd. been consolidated from January 1, 2019, the revenue and consolidated loss for the period would be W 845 million and W 17,182 million, respectively. The revenue and consolidated loss for the period contributed by Corephotonics Ltd. since the acquisition, amount to W 526 million and W 12,572 million, respectively.
(B) Acquisition of the PLP business

In accordance with the resolution of the Board of Directors on April 30, 2019, the Company acquired Samsung Electro-Mechanics Co., Ltd.’s PLP business for total consideration of ₩785,000 million on June 1, 2019 to strengthen its semiconductor competitiveness through securing next-generation package technology.

(In millions of Korean won)

| I. Fair value of consideration transferred | ₩785,000 |
| II. Identifiable assets and liabilities | |
| Inventories | 10,906 |
| Property, plant and equipment | 398,984 |
| Intangible assets | 182,171 |
| Other assets | 1,561 |
| Other liabilities | 15,363 |
| Total net identifiable assets | 578,259 |
| III. Goodwill (I – II) | ₩206,741 |

Had the PLP business been acquired on January 1, 2019, there would be no revenue transferred, and consolidated loss for the period would be ₩115,098 million. The PLP business has not recorded any revenue since the acquisition. Consolidated loss for the period contributed by the PLP business since the acquisition, amounts to ₩45,286 million.