

SAMSUNG SDI CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Financial Statements

(Unaudited)

**June 30, 2015 and 2014**

(With Independent Auditors' Review Report Thereon)

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## **Independent Auditors' Review Report**

Based on a report originally issued in Korean

The Board of Directors and Shareholders  
Samsung SDI Co., Ltd.:

### **Reviewed financial statements**

We have reviewed the accompanying condensed consolidated interim financial statements of Samsung SDI Co., Ltd. and its subsidiaries (the "Group") which comprise the condensed consolidated statement of financial position as of June 30, 2015, the condensed consolidated statements of comprehensive income (loss) for the three- and six-month periods ended June 30, 2015 and 2014, the condensed consolidated statements of changes in equity and cash flows for the six-month periods ended June 30, 2015 and 2014 and notes, comprising a summary of significant accounting policies and other explanatory information.

### **Management's responsibility**

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

### **Auditors' review responsibility**

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

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

### **Conclusion**

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements referred to above are not prepared, in all material respects, in accordance with K-IFRS No. 1034 '*Interim Financial Reporting*'.

**Other matters**

The consolidated statement of financial position of the Group as of December 31, 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by us in accordance with Korean Standards on Auditing and our report thereon, dated February 23, 2015, expressed an unqualified opinion. The accompanying condensed consolidated statement of financial position of the Group as of December 31, 2014, presented for comparative purposes, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

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

*KPMG Samjong Accounting Corp.*

Seoul, Korea  
August 17, 2015

This report is effective as of August 17, 2015, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

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

As of June 30, 2015 and December 31, 2014

(Unaudited)

(In thousands of won)

	<b>Note</b>	<b>2015</b>	<b>2014</b>
<b>Assets</b>			
Cash and cash equivalents	4,6 ₩	533,020,950	627,528,155
Trade and other receivables, net	4,7, 30	1,222,973,376	980,557,547
Inventories, net	8	710,563,587	768,553,751
Other investments	4,9	885,328,228	1,079,633,824
Other current assets	10	77,307,796	72,824,605
Non-current assets held for sale	33	30,777,304	6,456,871
<b>Total current assets</b>		<u>3,459,971,241</u>	<u>3,535,554,753</u>
Long-term trade and other receivables, net	4,7, 30	66,181,595	11,213,384
Investments in equity-accounted investees	11	5,089,099,353	4,979,017,316
Property, plant and equipment, net	5,12	3,400,236,019	3,324,877,551
Intangible assets, net	5,13,34	1,303,546,635	1,278,941,592
Investment property	5,14	102,234,941	168,727,599
Deferred tax assets	28	42,244,623	41,031,051
Other non-current investments	4,9	2,512,244,634	2,549,201,274
Other non-current assets	10,13	64,909,846	79,985,426
<b>Total non-current assets</b>		<u>12,580,697,646</u>	<u>12,432,995,193</u>
<b>Total assets</b>	₩	<u>16,040,668,887</u>	<u>15,968,549,946</u>
<b>Liabilities</b>			
Trade and other payables	4,15,17,19,30 ₩	1,464,890,857	1,232,310,509
Income tax payable	28	42,153,750	16,653,576
Advance received		35,209,920	29,989,860
Unearned revenue		2,799,562	886
Short-term borrowings	4,16	1,224,566,286	975,300,399
<b>Total current liabilities</b>		<u>2,769,620,375</u>	<u>2,254,255,230</u>
Trade and other payables	4,15,17,19,30	22,618,698	33,834,787
Long-term borrowings	4,16	675,092,896	802,528,420
Employee benefits	18	56,405,046	11,525,368
Deferred tax liabilities	28	933,888,515	1,039,494,849
<b>Total non-current liabilities</b>		<u>1,688,005,155</u>	<u>1,887,383,424</u>
<b>Total liabilities</b>		<u>4,457,625,530</u>	<u>4,141,638,654</u>
<b>Equity</b>			
Capital stock	1,20	356,712,130	356,712,130
Capital surplus	20	5,032,600,515	5,032,600,515
Other capital	21	(10,848,672)	(10,848,672)
Accumulated other comprehensive income	22	1,389,662,191	1,345,646,158
Retained earnings	23	4,548,055,226	4,862,321,913
<b>Equity attributable to owners of the Parent Company</b>		<u>11,316,181,390</u>	<u>11,586,432,044</u>
<b>Non-controlling interests</b>	31	266,861,967	240,479,248
<b>Total equity</b>		<u>11,583,043,357</u>	<u>11,826,911,292</u>
<b>Total liabilities and equity</b>	₩	<u>16,040,668,887</u>	<u>15,968,549,946</u>

See accompanying notes to the condensed consolidated interim financial statements.

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

For the three- and six-month periods ended June 30, 2015 and 2014  
(Unaudited)

(In thousands of won, except per share information)

	Note	June 30, 2015		June 30, 2014	
		Three-month period ended	Six-month period ended	Three-month period ended	Six-month period ended
<b>Continuing Operations</b>					
<b>Revenue</b>	5,30 ₩	1,843,933,582	3,709,826,355	835,162,366	1,672,263,232
Cost of sales	8,25,30	(1,511,762,776)	(3,024,556,335)	(705,653,700)	(1,423,818,658)
<b>Gross profit</b>		332,170,806	685,270,020	129,508,666	248,444,574
Selling, general and administrative expense	24,25	(335,892,297)	(682,142,014)	(105,920,310)	(249,120,544)
<b>Operating income (loss)</b>	5	(3,721,491)	3,128,006	23,588,356	(675,970)
Other income	14,26,30	200,103,015	232,683,668	26,759,345	53,832,550
Other expenses	14,26,30	(672,564,820)	(693,347,905)	(5,881,674)	(8,650,864)
Finance income	27	54,302,721	103,837,245	43,760,039	63,143,643
Finance costs	27	(55,850,251)	(106,885,782)	(49,270,553)	(64,876,353)
Share of profit of equity-accounted investees	11	77,070,099	140,665,286	44,683,770	122,583,100
<b>Profit (loss) before income taxes</b>		(400,660,727)	(319,919,482)	83,639,283	165,356,106
Income tax expense (benefit)	28	(90,645,098)	(74,533,897)	23,567,388	42,165,366
<b>Profit (loss) from continuing operations</b>		(310,015,629)	(245,385,585)	60,071,895	123,190,740
<b>Profit (loss) from discontinued operations</b>	32	-	-	(39,582,846)	(61,749,294)
<b>Profit (loss) for the period</b>	₩	(310,015,629)	(245,385,585)	20,489,049	61,441,446
<b>Other comprehensive income (loss)</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
Defined benefit plan actuarial losses	18	(485,107)	(310,552)	-	-
Related tax		190,500	134,119	-	-
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Effective portion of unrealized changes in fair values of cash flow hedges		-	279,630	216,740	(842,489)
Unrealized net changes in fair values of available-for-sale financial assets	9	53,352,347	73,480,071	128,656,786	217,267,651
Change in unrealized holding gain (loss) on equity method investments	11	(33,508,369)	(26,990,726)	(16,806,423)	8,751,433
Net change on translation of foreign operations		38,314,164	13,341,669	(42,160,045)	(37,594,607)
Related tax		(4,994,208)	(12,767,287)	(17,159,549)	(41,436,711)
<b>Other comprehensive income (loss), net of tax</b>		52,869,327	47,166,924	52,747,509	146,145,277
<b>Total comprehensive income (loss)</b>	₩	(257,146,302)	(198,218,661)	73,236,558	207,586,723
<b>Profit (loss) attributable to:</b>					
Owners of the Company		(303,447,342)	(243,776,646)	19,103,361	58,236,652
Non-controlling interests	31	(6,568,287)	(1,608,939)	1,385,688	3,204,794
<b>Total comprehensive income (loss) attributable to:</b>					
Owners of the Company		(255,010,334)	(199,937,046)	79,158,722	212,543,501
Non-controlling interests	31	(2,135,968)	1,718,385	(5,922,164)	(4,956,778)

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

**For the three- and six-month periods ended June 30, 2015 and 2014**  
 (Unaudited)

*(In thousands of won, except per share information)*

	<u>Note</u>	<u>2015</u>		<u>2014</u>	
		<u>Three-month period ended</u>	<u>Six-month period ended</u>	<u>Three-month period ended</u>	<u>Six-month period ended</u>
<b>Earnings per share</b>	29				
<b>Basic earnings per share (won)</b>					
- Ordinary share		(4,320)	(3,471)	420	1,290
Earnings per share -Continuing operations		(4,320)	(3,471)	1,291	2,658
Earnings per share -Discontinued operations		-	-	(871)	(1,368)
<b>Basic earnings per share (won)</b>					
- Preference share		(4,320)	(3,471)	406	1,237
Earnings per share -Continuing operations		(4,320)	(3,471)	1,247	2,549
Earnings per share -Discontinued operations		-	-	(841)	(1,312)

*See accompanying notes to the condensed consolidated interim financial statements.*

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

For the six-month periods ended June 30, 2015 and 2014

(Unaudited)

(In thousands of won)

		<u>Capital stock</u>	<u>Capital surplus</u>	<u>Other capital</u>	<u>Accumulated other comprehensive income</u>	<u>Retained earnings</u>	<u>Non- controlling interests</u>	<u>Total equity</u>
<b>Balance at January 1, 2014</b>	₩	240,681,185	1,262,958,484	(163,442,079)	1,001,906,308	5,035,989,172	164,323,361	7,542,416,431
<b>Comprehensive income</b>								
Profit for the period		-	-	-	-	58,236,652	3,204,794	61,441,446
Loss on valuation of derivatives		-	-	-	(842,489)	-	-	(842,489)
Change in fair value of available-for-sale financial assets		-	-	-	165,023,826	-	14,437	165,038,263
Change in equity of equity-accounted investees		-	-	-	8,060,153	-	-	8,060,153
Change in gain or loss on translation of foreign operations		-	-	-	(17,934,641)	-	(8,176,009)	(26,110,650)
<b>Total comprehensive income</b>		-	-	-	154,306,849	58,236,652	(4,956,778)	207,586,723
<b>Transactions with shareholders directly recognized in equity</b>								
Dividends to owners of the Company		-	-	-	-	(67,409,632)	(15,593,989)	(83,003,621)
Disposal of treasury shares		-	136,906,021	162,195,490	-	-	-	299,101,511
Exercise of share options, etc		-	3,487,868	(3,487,868)	-	-	-	-
<b>Other</b>		-	(13,491,842)	-	-	-	-	(13,491,842)
<b>Balance at June 30, 2014</b>	₩	<u>240,681,185</u>	<u>1,389,860,531</u>	<u>(4,734,457)</u>	<u>1,156,213,157</u>	<u>5,026,816,192</u>	<u>143,772,594</u>	<u>7,952,609,202</u>

See accompanying notes to the condensed consolidated interim financial statements.



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

For the six-month periods ended June 30, 2015 and 2014

(Unaudited)

(In thousands of won)

		<u>Capital stock</u>	<u>Capital surplus</u>	<u>Other capital</u>	<u>Accumulated other comprehensive income</u>	<u>Retained earnings</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
<b>Balance at January 1, 2015</b>	₩	356,712,130	5,032,600,515	(10,848,672)	1,345,646,158	4,862,321,913	240,479,248	11,826,911,292
<b>Comprehensive income</b>								
Profit for the period		-	-	-	-	(243,776,646)	(1,608,939)	(245,385,585)
Defined benefit plan actuarial losses		-	-	-	-	(176,433)	-	(176,433)
Gain on valuation of derivatives		-	-	-	279,630	-	-	279,630
Change in fair value of available-for-sale financial assets		-	-	-	57,425,569	-	4,318	57,429,887
Change in equity of equity-accounted investees		-	-	-	(20,205,142)	-	-	(20,205,142)
Change in gain or loss on translation of foreign operations		-	-	-	6,515,976	-	3,323,006	9,838,982
<b>Total comprehensive income</b>		-	-	-	44,016,033	(243,953,079)	1,718,385	(198,218,661)
<b>Transactions with shareholders directly recognized in equity</b>								
Dividends to owners of the Company		-	-	-	-	(70,313,608)	(1,790,831)	(72,104,439)
Capital contribution from Non- controlling interests		-	-	-	-	-	26,553,751	26,553,751
Capital reduction by cash distribution of subsidiaries		-	-	-	-	-	(98,586)	(98,586)
<b>Balance at June 30, 2015</b>	₩	<u>356,712,130</u>	<u>5,032,600,515</u>	<u>(10,848,672)</u>	<u>1,389,662,191</u>	<u>4,548,055,226</u>	<u>266,861,967</u>	<u>11,583,043,357</u>

See accompanying notes to the condensed consolidated interim financial statements.

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

For the six-month periods ended June 30, 2015 and 2014

(Unaudited)

(In thousands of won)

	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities</b>		
Profit (loss) for the period	₩ (245,385,585)	61,441,446
Adjustments for:		
Expenses for employee benefits	40,318,068	26,730,990
Losses (reversal of) on valuation of inventories	10,738,290	(8,469,595)
Depreciation	262,257,910	178,402,407
Amortization	65,341,058	22,218,662
(Reversal of) bad debt expense	668,898	(3,981,517)
Reversal of other bad debt expense	(40,692)	(319,134)
Commission fee	-	2,830,793
Share of profit of equity-accounted investees	(140,665,286)	(122,583,100)
Loss on sale of available-for-sale financial assets	767,112	-
Gain on sale of available-for-sale financial assets	(94,295,773)	(30,858)
Impairment losses on available-for-sale financial assets	33,087,172	-
Foreign currency translations loss	15,270,662	9,473,877
Foreign currency translations gain	(19,244,857)	(8,031,179)
Loss on valuation of derivatives	-	1,185,647
Loss on derivatives transaction	1,248,330	-
Loss on sale of property, plant and equipment	6,142,291	1,560,658
Gain on sale of property, plant and equipment	(4,563,410)	(1,609,441)
Impairment losses on property, plant and equipment	15,806,623	785,825
Loss on restoration of property, plant and equipment	15,666	-
Loss on sale of intangible assets	26,539	126,398
Impairment losses on intangible assets	3,005,870	-
Gain on sale of investment property	-	(204,670)
Impairment losses on investment property	65,656,776	-
Miscellaneous loss	311,858,337	159,206
Miscellaneous income	(53,901)	(31,566,620)
Damage compensation	(78,851,796)	-
Income tax expense (benefit)	(74,533,897)	34,768,857
Interest expense	23,637,723	15,762,455
Interest income	(18,749,516)	(6,660,495)
Dividends income	(19,378,257)	(11,381,936)
Changes in assets and liabilities:		
Trade receivables	(88,316,590)	(14,202,394)
Other receivables	58,739,431	49,684,134
Other current assets	742,017	1,914,512
Inventories	62,541,317	10,217,344
Non-current other receivables	(518,420)	(4,788,664)
Non-current other assets	(1,395,471)	-
Trade payables	(21,830,603)	(64,720,180)
Other payables	(140,534,948)	(79,760,892)
Advance received	5,087,893	(2,423,899)
Unearned revenue	2,306,022	-
Non-current other payables	(3,321,294)	(21,506,328)
Payment of retirement and employee benefits	(12,551,617)	(7,432,784)
Transfer in from related parties for employee benefits	1,986,290	1,373,979
Plan assets	11,031,569	5,321,146
Interest received	16,363,769	6,886,447
Interest paid	(26,305,392)	(15,882,969)
Dividends received	19,378,257	11,381,936
Income taxes paid	(19,010,448)	(26,163,244)
<b>Net cash provided by operating activities</b>	<b>₩ 24,476,137</b>	<b>10,506,820</b>

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

**For the six-month periods ended June 30, 2015 and 2014**

(Unaudited)

(In thousands of won)

	<u>2015</u>	<u>2014</u>
<b>Cash flows from investing activities</b>		
Sale of other investments	₩ 257,365,609	-
Sale of property, plant and equipment	9,171,971	27,814,401
Sale of investment property	-	256,450
Acquisition of other non-current assets	(7,446,255)	(11,215,250)
Acquisition of other investments	-	(9,169,135)
Acquisition of property, plant and equipment	(323,119,868)	(208,061,310)
Acquisition of intangible assets	(1,923,351)	(1,601,960)
Acquisition of business, net of cash acquired	(111,985,483)	-
<b>Net cash used in investing activities</b>	<u>(177,937,377)</u>	<u>(201,976,804)</u>
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	203,854,151	-
Proceeds from long-term borrowings	164,919,406	-
Capital contribution from non-controlling interests	26,553,751	-
Proceeds from disposal of treasury shares	-	342,810,294
Dividends paid	(70,325,171)	(83,003,621)
Repayment of short-term borrowings	-	(6,425,030)
Repayment of current portion of long-term borrowings	(273,947,562)	-
Repayment of long-term borrowings	(1,738,979)	-
Capital reduction by cash distribution of subsidiaries	(98,586)	-
<b>Net cash provided by financing activities</b>	<u>49,217,010</u>	<u>253,381,643</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(104,244,230)	61,911,659
Cash and cash equivalents at January 1	627,528,155	730,176,084
Effect of exchange rate fluctuations on cash held	9,737,025	3,901,069
<b>Cash and cash equivalents at June 30</b>	<u>₩ 533,020,950</u>	<u>795,988,812</u>

See accompanying notes to the condensed consolidated interim financial statements.

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

**June 30, 2015**  
(Unaudited)

**1. Reporting Entity**

Samsung SDI Co., Ltd. (the "Parent Company" or the "Company") was incorporated on January 20, 1970 under the laws of the Republic of Korea with paid-in capital of ₩200 million. The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in associates. In 1979, the Parent Company was listed on the Korean Stock Exchange and the Parent Company's head office is located in Giheung, Gyeong-gi Do.

The Parent Company merged with former Cheil Industries Inc. (new material division) on July 1, 2014. Its main business is manufacturing and selling chemicals and electronic materials. The major business area and locations of domestic production facilities of the Parent Company are as follows.

<b>Business</b>	<b>Major product lines</b>	<b>Domestic manufacturing facilities</b>
Energy solution business	Small-sized li-on battery, Automotive battery, ESS (Energy Storage System)	Ulsan, Cheonan
Material business	Chemicals, electronic materials	Gumi, Uiwang, Cheongju, Yeosu

In addition to these local business sites, the Parent Company also has 28 subsidiaries operating in the United States, China, Germany, Hungary, and so on.

Under its Articles of Incorporation, the Parent Company is authorized to issue 200,000 thousand shares of capital stock with a par value of ₩5,000 per share. As of June 30, 2015, 70,382,426 shares of capital stock (including 1,617,896 shares of preferred stock) have been issued and are outstanding, and the Parent Company's paid-in-capital amounts to ₩356,712 million. The major shareholder of the Parent Company is Samsung Electronics Co., Ltd.(ownership: 19.13%). The Parent Company is allowed to retire its stock through a board resolution within the amount that would be paid as dividends to shareholders. Pursuant to the resolution made by the board of directors on October 18, 2004, the Parent Company retired 930,000 ordinary shares and 30,000 preferred shares, which were acquired at ₩99,333 million on December 8, 2004 with appropriating retained earnings. The par value of outstanding shares is ₩351,912 million (₩343,823 million for common stock and ₩8,089 million for preferred stock, excluding the retired shares) and it differs from the Group's paid-in-capital due to the share retirement.

Under its Articles of Incorporation, the Parent Company is authorized to issue 30,000 thousand shares of non-voting preferred stock. Holders of preferred shares issued before February 28, 1997 are entitled to receiving additional dividends of 1% of its par value per annum. As of June 30, 2015, 1,617,896 shares of non-cumulative and non-voting preferred stocks are eligible for these additional dividends.

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

**June 30, 2015**  
(Unaudited)

**1. Reporting Entity, Continued**

(1) The list of subsidiaries as of June 30, 2015 and December 31, 2014 is as follows:

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

Subsidiaries	Location	Primary business	Capital stock as of June 30, 2015	Percentage of ownership (*1)	
				2015	2014
Samsung SDI America, Inc. ("SDIA")	U.S.A.	Sales of rechargeable battery	28,626,950	91.7%	91.7%
Samsung SDI Hungary Rt. ("SDIHU")	Hungary	-	4,860,887	100%	100%
Samsung SDI Europe GmbH ("SDIEU")	Germany	Sales of rechargeable battery, etc.	1,558,180	100%	100%
Samsung SDI Battery Systems GmbH ("SDIBS")	Austria	Manufacturing of automotive battery	39,793,107	100%	100%
Samsung SDI (Malaysia) Sdn, Bhd. ("SDI(M)")	Malaysia	-	43,581,363	68.6%	68.6%
Samsung SDI Vietnam Co., Ltd. ("SDIV")	Vietnam	Manufacturing and sales of rechargeable battery	63,936,702	100%	100%
Samsung SDI Energy Malaysia Sdn, Bhd. ("SDIEM")	Malaysia	Manufacturing and sales of rechargeable battery	121,321,000	100%	100%
Samsung SDI (Hong Kong) Ltd. ("SDIHK")	Hong Kong	Sales of rechargeable battery	261,864,048	97.6%	97.6%
Samsung SDI Japan Co., Ltd. ("SDIJ") (*3)	Japan	Purchase and sales of raw materials of rechargeable battery	4,210,454	100%	100%
Samsung SDI China Co., Ltd. ("SDIC")	China	Supporting sales in China region	2,267,400	100%	100%
Samsung SDI-ARN (Xi'An) Power Battery Co., Ltd. ("SAPB") (*2)	China	Manufacturing of automotive battery	103,436,235	50.0%	50.0%
Samsung SDI Brazil Ltda. ("SDIB")	Brazil	Supporting sales in South America region	117,239,846	96.1%	96.1%
SVIC 15 Fund ("SVIC 15")	Korea	Investments in new technology venture business	24,000,000	99.0%	99.0%
Samsung Chemical U.S.A Inc. ("SCI") (*3)	U.S.A.	Sales of chemical products	202,880	100%	100%
Samsung Chemical Europe GmbH ("SCEG")	Germany	Sales of chemical products	692,075	100%	100%
Samsung Chemical Material Trading (Shanghai) Co., Ltd. ("SCSC")	China	Sales of chemical products	2,567,828	100%	100%
Starex Compounding America Inc. ("SCA") (*3)	U.S.A.	Sales of chemical products	-	-	100%
Tianjin Samsung Engineering Plastics Co., Ltd. ("TSEP")	China	Manufacturing and sales of chemical products	5,572,423	100%	100%
Samsung Chemical (Thailand) Co., Ltd. ("SCT")	Thailand	Sales of chemical products	375,120	59.4%	59.4%
Samsung Chemical Hungary LLC ("SCH")	Hungary	Manufacturing and sales of chemical products	50,033	100%	100%
Samsung Chemical Electronic Materials (SuZhou) Co., Ltd. ("SCES")	China	Manufacturing and sales of electronic material products	4,685,600	100%	100%

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

**June 30, 2015**  
(Unaudited)

**1. Reporting Entity, Continued**

(1) The list of subsidiaries as of June 30, 2015 and December 31, 2014 is as follows, continued:

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

Subsidiaries	Location	Primary business	Capital stock as of June 30, 2015	Percentage of ownership (*1)	
				2015	2014
Samsung Cheil industries Japan Ltd. ("SCJ") (*3)	Japan	Sales of chemical products, electronic material market research	-	-	100%
SVIC24 Fund ("SVIC24")	Korea	Investments in new technology venture business	5,200,000	99.0%	99.0%
Dongguan Samsung Engineering Plastics Co., Ltd. ("DSEP")	China	Manufacturing and sales of chemical products	5,519,971	100%	100%
Novaled GmbH ("NOVALED")	Germany	Manufacturing and sales of electronic material products	8,556,814	50.1%	50.1%
<b>Subsidiary of SDIA</b>					
Samsung SDI Mexico, S.A. de C.V. ("SDIM")	Mexico	-	2,854,723	91.7%	91.7%
<b>Subsidiaries of SDIHK</b>					
Shenzhen Samsung SDI Co., Ltd. ("SSDI")	China	-	95,764,575	78.0%	78.0%
Tianjin Samsung SDI Co., Ltd. ("TSDI")	China	Manufacturing and sales of rechargeable battery	113,123,338	78.0%	78.0%
Shanghai Samsung SVA Electronic Devices Co., Ltd. ("SSED")	China	Manufacturing and sales of rechargeable battery, sales of VFD	47,671,714	58.9%	58.9%
<b>Subsidiaries of SCI</b>					
Stacom Mexico, S.A. de C.V. ("STACOM")	Mexico	Manufacturing and sales of chemical products	7,826	100%	100%

(\*1) Effective ownership interest has been measured based on ownership of the Parent Company and its subsidiaries considering the control structure. In accordance with the local laws and regulations, no shares have been issued and ownership interest has been measured based on investments.

(\*2) A subsidiary, SAPB, was established in Xi'an, China in 2015. Although the Group holds less than majority ownership of SAPB, it was classified as a subsidiary because the Group controlled SAPB through the shareholders' agreement.

(\*3) Subsidiaries, SCI and SDIJ, have merged with SCA and SCJ respectively as of June 30, 2015.

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

**June 30, 2015**  
(Unaudited)

**1. Reporting Entity, Continued**

- (2) Condensed statement of financial position as of June 30, 2015 and condensed statement of comprehensive income (loss) for the six-month period ended June 30, 2015 of subsidiaries are as follows:

(In thousands of won)

<b>Subsidiaries</b>		<b>Assets</b>	<b>Liabilities</b>	<b>Equity</b>	<b>Revenue</b>	<b>Net profit (loss)</b>	<b>Total comprehensive income (loss)</b>
SDIA	₩	101,051,228	38,868,312	62,182,916	7,186,805	885,376	4,443,979
SDIHU		12,157,321	75,331	12,081,990	-	(889,268)	(1,891,995)
SDIEU		9,928,870	6,509,636	3,419,234	10,221,478	831,536	705,948
SDIBS		159,498,913	120,455,916	39,042,997	10,973,691	(3,786,433)	(749,781)
SDI(M)		54,727,922	28,342,926	26,384,996	-	(18,332,245)	(22,695,082)
SDIV		211,093,515	128,165,428	82,928,087	377,661,427	1,615,271	4,123,391
SDIEM		584,113,094	330,262,055	253,851,039	347,439,399	41,132,602	48,739,832
SDIHK		375,331,101	89,109,471	286,221,630	134,516,511	7,611,874	15,383,330
SDIJ		12,871,755	8,119,975	4,751,780	26,375,633	521,952	320,075
SDIC		4,078,238	468,174	3,610,064	5,055,950	473,405	561,959
SAPB		192,977,090	93,220,513	99,756,577	-	(5,700,100)	(3,252,279)
SDIB		26,021,001	2,467,591	23,553,410	-	586,982	(2,815,364)
SVIC15		21,710,850	109,957	21,600,893	-	(5,538)	426,307
SCI		51,115,005	40,962,064	10,152,941	87,078,694	319,976	547,978
SCEG		27,556,801	24,197,152	3,359,649	19,049,687	402,297	(377,019)
SCSC		11,239,872	951,229	10,288,643	7,953,827	1,570,888	1,813,264
TSEP		33,512,353	5,692,016	27,820,337	32,333,282	2,434,477	3,093,478
SCT		3,959,300	528,226	3,431,074	3,160,109	716,875	700,574
SCH		41,703,718	28,691,835	13,011,883	51,843,330	2,558,399	2,009,975
SCES		13,232,747	9,952,628	3,280,119	9,441,673	683,861	761,674
SVIC24		3,536,600	186,986	3,349,614	-	(371,183)	(371,183)
DSEP		30,365,634	22,104,448	8,261,186	28,107,447	1,478,654	1,675,581
NOVALED		57,652,509	11,465,163	46,187,346	27,705,103	13,968,463	12,437,829
SDIM		20,025,026	675,593	19,349,433	391,878	(968,932)	(1,560,165)
SSDI		165,157,365	3,639,247	161,518,118	-	3,772,009	7,574,500
TSDI		523,611,837	173,206,527	350,405,310	492,331,013	6,935,820	15,961,972
SSED		48,066,465	3,438	48,063,027	24,783	399,784	1,535,900
STACOM		1,024,600	583,552	441,048	2,543,189	(141,974)	(159,363)

# SAMSUNG SDI CO., LTD. AND SUBSIDIARIES

## Notes to the Condensed Consolidated Interim Financial Statements

**June 30, 2015**  
(Unaudited)

### 2. Basis of Preparation

#### (1) Statement of compliance

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

These condensed consolidated interim financial statements were prepared in accordance with K-IFRS No. 1034, 'Interim Financial Reporting' as part of the period covered by the Group's K-IFRS annual financial statements. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended December 31, 2014. These condensed consolidated interim financial statements do not include all of the disclosures required for full annual financial statements.

#### (2) Use of estimates and judgments

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

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

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as of and for the year ended December 31, 2014.

### 3. Significant Accounting Policies

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as of and for the year ended December 31, 2014. The following changes in accounting policies and the accounting policy for emissions rights below are also expected to be reflected in the Group's consolidated financial statements as of and for the year ending December 31, 2015.

#### (1) Changes in accounting policies

The Group has applied the following amendments to standards and interpretation, with a date of initial application of January 1, 2015.

##### 1) Employee contributions

The Group has adopted new amendments to K-IFRS 1019, 'Employee Benefits' since July 1, 2014. Amendments to K-IFRS 1019 introduced a practical expedient to accounting for defined benefit plan, when employees or third parties pay contributions if certain criteria are met. According to the amendments, the entity is permitted to recognize those contributions as a reduction of the service cost in the period in which the related service is rendered, instead of forecast future contributions from employees or third parties and attribute them to periods or service as negative benefits.



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

**June 30, 2015**  
(Unaudited)

**3. Significant Accounting Policies, Continued**

(1) Changes in accounting policies, continued

1) Employee contributions, continued,

Contributions which are related to working services have to be included in estimating net current service costs and defined benefits liabilities. Furthermore, these contributions have to be distributed into periods of service by the method of contribution calculation or straight-line basis.

The change had no significant impact on the measurements of the Group's assets and liabilities.

(2) Emissions rights

The Company accounts for greenhouse gases emission right and the relevant liability as below pursuant to *the Act on Allocation and Trading of Greenhouse Gas Emission* which became effective in 2015.

1) Greenhouse gases emission right

Greenhouse gases emission right consists of emission allowances which are allocated from the government free of charge or purchased from the market. The cost includes any directly attributable costs incurred during the normal course of business.

Emission rights held for the purpose of performing the obligation is classified as intangible asset and is initially measured at cost and after initial recognition, are carried at cost less accumulated impairment losses. Emission rights held for short-swing profits are classified as current asset and are measured at fair value with any changes in fair value recognized as profit or loss in the respective reporting period.

The Company derecognizes an emission right asset when the emission allowance is unusable, disposed or submitted to government in which the future economic benefits are no longer expected to be probable.

2) Emission liability

Emission liability is a present obligation of submitting emission rights to the government with regard to emission of greenhouse gas. Emission liability is recognized when outflows of resources in performing the obligation is probable and the costs required to perform the obligation are reliably estimable. Emission liability is an amount of estimated obligations for emission rights to be submitted to the government for the performing period. The emission liability is measured based on the expected quantity of emission for the performing period in excess of emission allowance in possession and the unit price for such emission rights in the market at the end of the reporting period.

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

**June 30, 2015**  
(Unaudited)

**4. Financial Risk Management**

The Group has exposure to the credit risk, liquidity risk and market risk. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

(1) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Most customers have been transacting with the Group for many years and impairment loss has not occurred very often. In addition, the Group reviews credit rating of new customers prior to the determination of payment terms and also re-examines the credit rating of customers on a regular basis.

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

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The Group limits its exposure to credit risk by depositing cash and cash equivalents in financial institutions that have a high credit rate. The maximum exposure to credit risk as of June 30, 2015 and December 31, 2014 are summarized as follows:

<i>(In thousands of won)</i>		<u>2015</u>	<u>2014</u>
Cash and cash equivalents	₩	533,020,950	627,528,155
Trade and other receivables, net		1,292,087,563	994,038,723
Held-to-maturity financial assets		403,395	397,140
Available-for-sale financial assets		2,411,947,397	2,448,138,561
Non-derivative financial instruments		844,344,054	1,030,736,302
Guarantee deposits		140,878,016	139,746,436
Derivatives		-	9,816,659
Total	₩	<u>5,222,681,375</u>	<u>5,250,401,976</u>

The maximum exposure to credit risk for trade and other receivables by geographic region as of June 30, 2015 and December 31, 2014 are as follows:

<i>(In thousands of won)</i>		<u>2015</u>	<u>2014</u>
Domestic	₩	304,521,514	147,975,013
North America		124,329,694	122,230,138
Euro zone		85,953,257	64,054,841
China		416,935,878	394,202,309
Other		360,347,220	265,576,422
Total	₩	<u>1,292,087,563</u>	<u>994,038,723</u>

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

**June 30, 2015**  
(Unaudited)

**4. Financial Risk Management, Continued**

(1) Credit risk, continued

2) Impairment loss

The aging of trade and other receivables and balance of impairment as of June 30, 2015 and December 31, 2014 are as follows:

(In thousands of won)

	2015		2014	
	Gross	Impairment	Gross	Impairment
Not past due	₩ 1,261,105,964	-	955,952,541	150,195
Past due 1-30 days	18,193,922	-	32,007,048	-
Past due 31-60 days	7,269,124	-	497,783	-
Past due 60 days	5,518,553	1,883,468	5,581,351	1,027,623
Total	₩ 1,292,087,563	1,883,468	994,038,723	1,177,818

3) Financial assets that are past due but not impaired

Trade and other receivables that are past due but not impaired as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In thousands of won)

	2015			2014		
	Carrying amount	6 months or less	More than 6 months	Carrying amount	6 months or less	More than 6 months
Trade and other receivables	₩ 29,098,131	26,148,992	2,949,139	37,058,559	32,754,812	4,303,747

(2) Liquidity risk

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

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

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

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

**June 30, 2015**  
(Unaudited)

**4. Financial Risk Management, Continued**

(2) Liquidity risk, continued

Maturity analysis of financial liabilities as of June 30, 2015 is as follows:

(In thousands of won)

		<b>Carrying amount</b>	<b>Contractual cash flow</b>	<b>1 year or less</b>	<b>More than 1 year and less than 5 years</b>	<b>More than 5 years</b>
Short-term borrowings	₩	1,224,566,286	1,234,550,004	1,234,550,004	-	-
Long-term borrowings		675,092,896	714,846,506	22,478,546	687,879,533	4,488,427
Total	₩	1,899,659,182	1,949,396,510	1,257,028,550	687,879,533	4,488,427

(3) Market risk

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

1) Exchange rate risk

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

Carrying amounts of monetary assets and liabilities denominated in currencies other than functional currency as of June 30, 2015 and December 31, 2014 are as follows:

(In thousands of won)

		<b>2015</b>			<b>2014</b>		
		<b>USD</b>	<b>EUR</b>	<b>JPY, etc.</b>	<b>USD</b>	<b>EUR</b>	<b>JPY, etc.</b>
<b>Monetary assets:</b>							
Cash and cash equivalents	₩	98,686,236	368,544	6,043,892	151,407,825	890,847	2,750,649
Trade and other receivables		891,514,355	57,996,669	13,401,716	1,184,867,710	88,295,659	83,204,202
Other investments		331,232	2,855	31,438	353,391	138,733	636,209
Total	₩	990,531,823	58,368,068	19,477,046	1,336,628,926	89,325,239	86,591,060
<b>Monetary liabilities:</b>							
Trade and other payables	₩	460,093,712	6,414,164	32,197,954	803,278,085	39,229,911	85,200,664
Borrowings		553,122,362	41,611,519	3,730,658	546,062,366	28,297,015	713,592
Total	₩	1,013,216,074	48,025,683	35,928,612	1,349,340,451	67,526,926	85,914,256

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

**June 30, 2015**  
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**4. Financial Risk Management, Continued**

(3) Market risk, continued

1) Exchange rate risk, continued

The following significant exchange rates were applied for the six-month periods ended June 30, 2015 and 2014:

<i>(In won)</i>		<b>Average rate</b>		<b>Reporting date spot rate</b>	
<b>Currency</b>		<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
USD	₩	1,098.7	1,049.3	1,124.1	1,099.2
EUR		1,227.1	1,438.1	1,260.5	1,336.5
JPY		9.14	10.24	9.17	9.20

Effects on profit (loss) after income taxes as a result of change in exchange rate as of June 30, 2015 and December 31, 2014 are as follows:

<i>(In thousands of won)</i>		<b>2015</b>		<b>2014</b>	
<b>Currency</b>		<b>If increased by 5%</b>	<b>If decreased by 5%</b>	<b>If increased by 5%</b>	<b>If decreased by 5%</b>
USD	₩	(859,733)	859,733	(481,767)	481,767
EUR		391,976	(391,976)	826,156	(826,156)
JPY, etc.		(623,514)	623,514	25,651	(25,651)

2) Interest rate risk

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

(i) At the reporting date the interest rate profile of the Group's interest-bearing financial instruments as of June 30, 2015 and December 31, 2014 are summarized as follows:

<i>(In thousands of won)</i>		<b>2015</b>	<b>2014</b>
<b>Fixed interest rate:</b>			
Short-term borrowings	₩	501,619,902	402,098,133
Long-term borrowings		505,577,839	802,528,420
Sub total		<u>1,007,197,741</u>	<u>1,204,626,553</u>
<b>Floating interest rate:</b>			
Short-term borrowings		722,946,384	573,202,266
Long-term borrowings		169,515,057	-
Sub total		<u>892,461,441</u>	<u>573,202,266</u>
Total	₩	<u><u>1,899,659,182</u></u>	<u><u>1,777,828,819</u></u>

(ii) Fair value sensitivity analysis for fixed rate instruments

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

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

**June 30, 2015**  
(Unaudited)

**4. Financial Risk Management, Continued**

(3) Market risk, continued

2) Interest rate risk, continued

(iii) Cash flow sensitivity analysis for variable rate instruments

A change of one percent point in interest rates at the reporting date would have increased (decreased) equity and profit after income taxes by the amounts shown below as of June 30, 2015 and December 31, 2014. This analysis assumes that all other variables remain constant.

(In thousands of won)

Item	2015			
	Equity		Profit after income taxes	
	If increased by 1%	If decreased by 1%	If increased by 1%	If decreased by 1%
Variable rate instruments	₩ (6,764,858)	6,764,858	(6,764,858)	6,764,858

(In thousands of won)

Item	2014			
	Equity		Profit after income taxes	
	If increased by 1%	If decreased by 1%	If increased by 1%	If decreased by 1%
Variable rate instruments	₩ (4,344,873)	4,344,873	(4,344,873)	4,344,873

3) Other market price risk

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

The effect on other comprehensive income (gains/losses on valuation of available-for-sale financial assets), when the price of listed equity financial assets, among the available-for-sale financial assets that the Group possesses, changed by five percent points as of June 30, 2015 is as follows:

(In thousands of won)

Item	If increased by 5%	If decreased by 5%
Total comprehensive income, net of tax effect	₩ 87,642,283	(87,642,283)

SAMSUNG SDI CO., LTD. AND SUBSIDIARIES  
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**June 30, 2015**  
(Unaudited)

**4. Financial Risk Management, Continued**

(4) Capital management

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

*(In thousands of won)*

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
<b>Debt to equity ratio:</b>		
Total liabilities	₩ 4,457,625,530	4,141,638,654
Total equity	11,583,043,357	11,826,911,292
Debt to equity ratio	<u>38.5%</u>	<u>35.0%</u>
<b>Net borrowings to equity ratio:</b>		
Borrowings	₩ 1,899,659,182	1,777,828,819
Less : Cash and cash equivalents	(533,020,950)	(627,528,155)
Less : Short-term financial instruments	(840,297,010)	(1,026,840,000)
Net borrowings	<u>526,341,222</u>	<u>123,460,664</u>
Net borrowings ratio	<u>4.5%</u>	<u>1.0%</u>

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

June 30, 2015

(Unaudited)

4. Financial Risk Management, Continued

(5) Fair values

1) Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In thousands of won)

	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets:</b>				
<b>Assets carried at fair value</b>				
Available-for-sale financial assets	₩ 2,411,947,397	2,411,947,397	2,448,138,561	2,448,138,561
Derivatives	₩ -	-	9,816,659	9,816,659
Subtotal	₩ 2,411,947,397	2,411,947,397	2,457,955,220	2,457,955,220
<b>Assets carried at amortized cost</b>				
Cash and cash equivalents	₩ 533,020,950	533,020,950	627,528,155	627,528,155
Trade and other receivables	1,289,154,971	1,289,154,971	991,770,931	991,770,931
Held-to-maturity financial assets	403,395	403,395	397,140	397,140
Financial instruments	844,344,054	844,344,054	1,030,736,302	1,030,736,302
Guarantee deposits	140,878,016	140,878,016	139,746,436	139,746,436
Subtotal	₩ 2,807,801,386	2,807,801,386	2,790,178,964	2,790,178,964
Total financial assets	₩ 5,219,748,783	5,219,748,783	5,248,134,184	5,248,134,184
<b>Financial liabilities:</b>				
<b>Liabilities carried at amortized cost</b>				
Borrowings	₩ 1,899,659,182	1,908,266,889	1,777,828,819	1,798,179,841
Trade and other payables	1,118,890,667	1,118,890,667	1,069,662,124	1,069,662,124
Total financial liabilities	₩ 3,018,549,849	3,027,157,556	2,847,490,943	2,867,841,965

2) Interest rates used for determining fair value

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

	June 30, 2015	December 31, 2014
Borrowings	2.06%	2.39%



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**4. Financial Risk Management, Continued**

(5) Fair values, continued

3) Fair value hierarchy

The Group classifies financial instruments carried at fair value in the statement of financial position according to fair value hierarchy which reflects significance of input variables used. The different levels of fair value hierarchy have been defined as follows:

“Level 1” indicates quoted prices in active markets for identical assets or liabilities. Instruments included in “Level 1” are composed of listed equity securities that are classified as available-for-sale financial assets.

The Group uses a valuation technique to measure fair values of financial instruments which are not traded in an active market. If the significant inputs which are required for a fair value measurement are observable directly or indirectly in a market, the fair value input is classed as “Level 2”. “Level 2” consists of currency swap agreement which is classified as derivatives. On the other hand, if the significant inputs are not based on observable market data, the fair value input for that instrument is classed as “Level 3”.

Among unlisted equity securities, the fair value of Hanwha General Chemical Co., Ltd. (formerly, Samsung Total Petrochemicals Co., Ltd) is measured using the discounted cash flow method in income approach and the fair value of Samsung Venture Investment Corporation is measured using the probability distribution of value per share in accordance with estimated price per share calculated by the free cash flows to equity method. The Korea Economic Daily is measured by the continuous probability distribution of value per share in accordance with estimated price per share calculated by the discounted cash flow valuation model and comparable company valuation multiples.

The fair value of these unlisted equity securities are classed as “Level 3”.

The fair values of financial instruments based on the fair value hierarchy as of June 30, 2015 and December 31, 2014 are summarized as follows:

<i>(In thousands of won)</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>June 30, 2015:</b>				
<b>Financial assets</b>				
Available-for-sale financial assets	₩ 2,312,461,294	-	70,990,566	2,383,451,860
<b>December 31, 2014:</b>				
<b>Financial assets</b>				
Available-for-sale financial assets	₩ 2,159,959,423	-	263,419,320	2,423,378,743
Derivatives	-	9,816,659	-	9,816,659

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**4. Financial Risk Management, Continued**

(6) Transfer of financial assets and others

As of June 30, 2015 and December 31, 2014, there is no transferred financial asset which is entirely derecognized. The list of transferred financial assets which are not derecognized in the statement of financial position is as follows:

(In thousands of won)

Item		Foreign currency trade receivable	
		2015	2014
Carrying amount of assets	₩	508,057,521	496,188,709
Carrying amount of associated liabilities		508,057,521	496,188,709

**5. Segments Information**

(1) Operating segments

Segment	Main business
Chemical	Resin materials and petrochemicals including ABS and PS
Electronic material	Semi-conductor and display materials
Energy and other	Manufacture and sale rechargeable batteries and other

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

2) The operating segments of the consolidated group are decided by management, which establishes the strategic decision making. Management reviews the operating income for each operating segment in order to decide on resource allocation for each operating segment and assess the segments' performance. The Group has three reportable segments which offer different products and services. The following table provides information for each reportable segment for the six-month periods ended June 30, 2015 and 2014.

(i) 2015

(In thousands of won)

		Revenues	Depreciation	Amortization	Operating income (loss)
Chemicals	₩	1,333,664,293	44,118,820	11,908,463	95,342,008
Electronic materials		799,749,181	42,760,517	28,524,871	114,320,141
Energy and other		1,576,412,881	175,378,573	24,907,724	(206,534,143)
Total	₩	3,709,826,355	262,257,910	65,341,058	3,128,006

(ii) 2014

(In thousands of won)

		Revenues	Depreciation	Amortization	Operating income (loss)
Energy and other	₩	1,672,263,232	352,423,021	45,390,854	(675,970)

Total amount of assets and liabilities of each segment is not represented since the information hasn't been provided to management on a regular basis.

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**5. Segments Information, Continued**

(2) Geographical information

The Group has operated in the global markets such as Korea (the Parent Company's domicile), North America, Europe, South America, China and Southeast Asia. The following table provides information for each geographical region as of and for the six-month periods ended June 30, 2015 and 2014.

(In thousands of won)

		2015		2014	
		Revenue	Non-current assets (*)	Revenue	Non-current assets (*)
Republic of Korea	₩	1,568,312,091	3,599,412,963	795,541,159	3,811,637,620
North America		315,784,806	13,980,894	44,532,202	5,677,657
Europe and South America		550,787,358	139,930,256	180,661,734	28,377,565
China		1,698,179,712	470,840,674	571,277,931	321,914,410
Southeast Asia, etc.		899,126,332	446,823,089	1,171,518,755	432,693,980
Consolidation adjustments		(1,322,363,944)	135,029,719	(1,091,268,549)	172,245,510
Total	₩	<u>3,709,826,355</u>	<u>4,806,017,595</u>	<u>1,672,263,232</u>	<u>4,772,546,742</u>

(\*) Non-current assets include amounts of property, plant and equipment, intangible assets and investment property and represent the carrying amount as of June 30, 2015 and December 31, 2014.

**6. Cash and Cash Equivalents**

Cash and cash equivalents as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In thousands of won)

		2015	2014
Cash on hand	₩	2,420,973	1,731,652
Demand deposits		372,367,241	342,325,925
Short-term investments		158,232,736	283,470,578
Total	₩	<u>533,020,950</u>	<u>627,528,155</u>

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**7. Trade and Other Receivables**

(1) Trade and other receivables as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In thousands of won)

		2015		2014	
		Current	Non-current	Current	Non-current
Loans	₩	1,353,893	9,556,554	1,331,822	9,559,579
Present value discount		-	(815,204)	-	(747,955)
Other receivables		190,778,687	55,038,485	51,684,339	-
Allowance		(86,661)	-	(127,293)	-
Accrued income		11,168,978	-	6,998,818	-
VAT receivables		47,954,283	-	79,143,166	-
Trade receivables		973,036,768	3,199,915	842,121,084	3,199,915
Allowance		(1,232,572)	(798,155)	(594,389)	(798,155)
Total	₩	<u>1,222,973,376</u>	<u>66,181,595</u>	<u>980,557,547</u>	<u>11,213,384</u>

(2) Changes in allowance for trade and other receivables for the six-month period ended June 30, 2015 and the year ended December 31, 2014 are summarized as follows:

(In thousands of won)

		2015		2014	
		Current	Non-current	Current	Non-current
Beginning balance	₩	721,682	798,155	4,588,079	390,549
Increased by business combination		22,572	-	335,928	588,892
Write off		(54,107)	-	(8,213)	-
(Reversal of) Bad debt expense		629,086	-	(4,194,112)	(181,286)
Ending balance	₩	<u>1,319,233</u>	<u>798,155</u>	<u>721,682</u>	<u>798,155</u>

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**8. Inventories**

(1) Inventories as of June 30, 2015 and December 31, 2014 are summarized as follows:

*(In thousands of won)*

		<b>2015</b>		
		<b>Acquisition cost</b>	<b>Allowance for valuation</b>	<b>Carrying amount</b>
Merchandize	₩	4,342,097	-	4,342,097
Finished goods		236,557,219	(28,204,428)	208,352,791
Semi-finished goods		266,213,714	(10,419,825)	255,793,889
Raw materials		187,042,838	(3,408,747)	183,634,091
Supplies		17,630,809	-	17,630,809
Materials-in-transit		39,813,478	-	39,813,478
Other inventories		996,432	-	996,432
Total	₩	<u>752,596,587</u>	<u>(42,033,000)</u>	<u>710,563,587</u>

*(In thousands of won)*

		<b>2014</b>		
		<b>Acquisition cost</b>	<b>Allowance for valuation</b>	<b>Carrying amount</b>
Merchandize	₩	8,335,121	(39)	8,335,082
Finished goods		237,491,752	(19,877,425)	217,614,327
Semi-finished goods		264,880,716	(7,024,185)	257,856,531
Raw materials		219,313,946	(1,284,613)	218,029,333
Supplies		16,067,515	-	16,067,515
Materials-in-transit		49,464,893	-	49,464,893
Other inventories		1,186,070	-	1,186,070
Total	₩	<u>796,740,013</u>	<u>(28,186,262)</u>	<u>768,553,751</u>

(2) The amounts of inventories recognized as cost of goods sold and loss on (reversal of) valuation of inventories reflected to cost of goods sold for the six-month periods ended June 30, 2015 and 2014 are as follows:

*(In thousands of won)*

		<b>2015</b>	<b>2014</b>
Inventories recognized as cost of goods sold	₩	3,013,491,110	1,886,797,265
Losses on (Reversal of) valuation of inventories		11,065,225	(8,469,595)
Total	₩	<u>3,024,556,335</u>	<u>1,878,327,670</u>

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**9. Other Investments**

(1) Other investments as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In thousands of won)

		2015		2014	
		Current	Non-current	Current	Non-current
Held for maturity financial assets	₩	-	403,395	-	397,140
Available-for-sale financial assets		-	2,411,947,397	-	2,448,138,561
Financial instruments		840,297,010	4,047,044	1,026,840,000	3,896,302
Guarantee deposits		45,031,218	95,846,798	42,977,165	96,769,271
Derivatives financial assets		-	-	9,816,659	-
Total	₩	<u>885,328,228</u>	<u>2,512,244,634</u>	<u>1,079,633,824</u>	<u>2,549,201,274</u>

(2) Available-for-sale financial assets as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In thousands of won)

		Acquisition cost	Unrealized gain (loss)			Impaired	Carrying amount
			Beginning balance	Changes in unrealized gain (loss)	Ending balance		
<b>June 30, 2015</b>							
Listed equity securities	₩	965,301,597	1,410,637,483	190,579,715	1,601,217,198	(254,057,501)	2,312,461,294
Unlisted equity securities		<u>121,267,984</u>	<u>95,403,652</u>	<u>(117,099,644)</u>	<u>(21,695,992)</u>	<u>(85,889)</u>	<u>99,486,103</u>
Total	₩	<u>1,086,569,581</u>	<u>1,506,041,135</u>	<u>73,480,071</u>	<u>1,579,521,206</u>	<u>(254,143,390)</u>	<u>2,411,947,397</u>
Tax effect	₩		(364,557,207)	(16,059,438)	(380,616,645)		
<b>December 31, 2014</b>							
Listed equity securities	₩	970,378,158	990,398,123	420,239,360	1,410,637,483	(221,056,218)	2,159,959,423
Unlisted equity securities		<u>192,775,486</u>	<u>170,279,965</u>	<u>(74,876,313)</u>	<u>95,403,652</u>	-	<u>288,179,138</u>
Total	₩	<u>1,163,153,644</u>	<u>1,160,678,088</u>	<u>345,363,047</u>	<u>1,506,041,135</u>	<u>(221,056,218)</u>	<u>2,448,138,561</u>
Tax effect	₩		(281,098,789)	(83,458,418)	(364,557,207)		

1) The Group measures fair values of certain unlisted equity securities as follows:

- The fair value of Hanwha General Chemical Co., Ltd. (formerly, Samsung Total Petrochemicals Co., Ltd.) is measured by the method of discounting cash flow in income approach. The acquisition cost and the carrying amount of the equity security are ₩78,672 million and ₩55,516 million, respectively, as of June 30, 2015. As explained in Note 19, the Company entered into agreement with third parties regarding put option and call option on the equity security.
- The fair value of Samsung Venture Investment Corporation is measured in accordance with an evaluated price per share, which is calculated by the free cash flows to equity model. The acquisition cost and the carrying amount of the equity security are ₩4,900 million and ₩6,320million, respectively, as of June 30, 2015.

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**9. Other Investments, Continued**

(2) Available-for-sale financial assets as of June 30, 2015 and December 31, 2014 are summarized as follows, continued:

1) The Group measures fair values of certain unlisted equity securities as follows, continued:

- The fair value of The Korea Economic Daily is measured using probabilistic variance in accordance with an evaluated price per share, which is calculated by the discounted cash flow valuation model and stock market comparison technique. The acquisition cost and the carrying amount of the equity security are ₩9,073 million and ₩9,113 million, respectively, as of June 30, 2015.
- Unlisted equity securities of 16 companies including iMarket Asia Co., Ltd. and debt securities of two companies including XG Sciences are carried at acquisition costs net of impairment loss. The securities are non-marketable and the possibility of distortion for fair values is high due to low reliabilities of underlying data. The acquisition costs and the carrying amounts of those securities are ₩28,496 million as of June 30, 2015.

2) For the six-month period ended June 30, 2015, the Group disposed of some equity securities of Hanwha Total Petrochemicals Co., Ltd. (formerly, Samsung Total Petrochemicals Co., Ltd.) and recognized ₩93,202 million gain on sale as other income. In connection with the disposal, the Group also entered into an agreement where the transferee are obliged to pay ₩11,692 per year if the operating income ratio of separate financial statements of Hanwha Total Petrochemicals Co., Ltd. (formerly, Samsung Total Petrochemicals Co., Ltd.), which is a subsidiary of Hanwha Total Petrochemicals Co., Ltd. (formerly, Samsung Total Petrochemicals Co., Ltd.) is same as or exceeds 5% in 2017 and 2018. As of June 30, 2015, the Group estimates that the cash inflow possibility of the conditional earnings is low and carries derivatives financial asset at zero('0').

3) For the six-month period ended June 30, 2015, The fair value of Samsung Engineering Co., Ltd. significantly decreased and the Group recognized ₩33,001 million loss on impairment of available-for-sale financial assets as other expenses.

**10. Other Current Assets and Non-current Assets**

Other current assets and non-current assets as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In thousands of won)

	2015		2014	
	Current	Non-current	Current	Non-current
Advance payments	₩ 40,597,902	-	31,997,736	-
Prepaid expenses	32,510,871	51,447,043	39,465,469	64,945,717
Prepaid corporate income tax	4,199,023	13,462,803	1,361,400	15,039,709
Total	₩ 77,307,796	64,909,846	72,824,605	79,985,426

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11. Equity-accounted Investees

(1) The equity-accounted investees of the Group as of June 30, 2015 and December 31, 2014 are as follows:

(In thousands of won)

Company	Place of business	Major operation	2015		2014	
			Percentage of ownership	Carrying amount	Percentage of ownership	Carrying amount
Samsung Display Ltd. ("SDC") (*)	Korea	Manufacturing and sale of LCD, AMOLED, etc.	15.2%	₩ 5,000,382,447	15.2%	₩ 4,882,490,386
Samsung B.P. Chemicals Co., Ltd. ("SBPC")	Korea	Manufacturing and sale of acetic acid	29.2%	50,868,385	29.2%	50,077,859
Samsung Economic Research Institute ("SERI")	Korea	Management advisory consulting	29.6%	17,782,853	29.6%	26,774,200
Intellectual Keystone Technology ("IKT")	U.S.A	Investing in new technology	41.0%	11,982,431	41.0%	11,724,624
SD FLEX CO.,LTD. ("SD FLEX")	Korea	Manufacturing printed-circuit board	50.0%	8,083,237	50.0%	7,950,247
				₩ 5,089,099,353		₩ 4,979,017,316

(\*) Although equity ownership is less than 20%, the Group has classified the shares equity-accounted investees due to the fact that the Group has representations in the board of directors of SDC.

(2) The summarized financial information of associates as of and for the six-month period ended June 30, 2015 and as of and for the year ended December 31, 2014 are summarized as follows:

(In thousands of won)

	2015				
	SDC	SBPC	SERI	IKT	SD FLEX
Current assets	₩ 15,604,691,039	115,684,675	17,706,341	9,045,840	12,774,681
Non-current assets	24,532,389,579	179,255,317	71,164,418	43,399,108	4,921,605
Current liabilities	5,794,474,697	78,198,227	10,614,487	23,219,506	966,474
Non-current liabilities	987,460,059	42,579,702	18,179,065	-	563,338
Revenue	13,467,327,645	158,834,918	44,364,739	3,433,313	5,188,138
Operating income(loss)	991,460,849	19,825,071	(30,454,981)	(19,307)	215,793
Profit (loss) for the period	986,371,105	15,395,784	(30,375,717)	(18,566)	318,308
Other comprehensive income (loss)	(167,198,175)	-	-	-	-
Total comprehensive income (loss)	819,172,930	15,395,784	(30,375,717)	(18,566)	318,308
Dividends	-	3,592,523	-	-	-



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**11. Equity-accounted Investees, Continued**

(2) The summarized financial information of associates as of and for the six-month period ended June 30, 2015 and as of and for the year ended December 31, 2014 are summarized as follows, continued:

(In thousands of won)

	<b>2014</b>				
	<b>SDC</b>	<b>SBPC</b>	<b>SERI</b>	<b>IKT</b>	<b>SD FLEX</b>
Current assets	₩ 14,185,655,826	137,165,598	63,791,889	6,394,056	12,344,790
Non-current assets	25,380,045,889	178,979,888	69,906,577	44,890,601	5,102,409
Current liabilities	6,158,562,242	96,946,819	26,103,124	22,688,015	919,278
Non-current liabilities	871,084,397	47,743,189	17,141,962	-	627,426
Revenue	25,646,108,776	408,135,966	171,834,978	13,160,494	9,281,994
Operating income	594,461,703	47,699,768	7,205	6,603,128	473,666
Profit for the year	1,153,733,552	35,341,026	252,635	5,989,806	421,088
Other comprehensive income	485,350,362	-	-	-	-
Total comprehensive income	1,639,083,914	35,341,026	252,635	5,989,806	421,088
Dividends	-	5,286,558	-	-	-

(3) The comparison between carrying amounts of the investments and the investees' net assets based on the Group's percentage of ownership as of June 30, 2015 and December 31, 2014 are as follows:

(In thousands of won)

	<b>2015</b>				
	<b>SDC</b>	<b>SBPC</b>	<b>SERI</b>	<b>IKT</b>	<b>SD FLEX</b>
Net assets(a) (*)	₩ 32,848,404,886	174,162,063	60,077,207	29,225,442	16,166,474
Percentage of ownership(b)	15.2%	29.2%	29.6%	41.0%	50.0%
Equity to net assets(axb)	5,000,382,447	50,868,385	17,782,853	11,982,431	8,083,237
Carrying amounts	5,000,382,447	50,868,385	17,782,853	11,982,431	8,083,237

(\*) Net assets are equal of net asset of equity-accounted investees deducted by non-controlling interests.

(In thousands of won)

	<b>2014</b>				
	<b>SDC</b>	<b>SBPC</b>	<b>SERI</b>	<b>IKT</b>	<b>SD FLEX</b>
Net assets(a) (*)	₩ 32,073,950,895	171,455,478	90,453,380	28,596,643	15,900,495
Percentage of ownership(b)	15.2%	29.2%	29.6%	41.0%	50.0%
Equity to net assets(axb)	4,882,490,386	50,077,859	26,774,200	11,724,624	7,950,247
Carrying amounts	4,882,490,386	50,077,859	26,774,200	11,724,624	7,950,247

(\*) Net assets are equal of net asset of equity-accounted investees deducted by non-controlling interests.

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**11. Equity-accounted Investees, Continued**

(4) Changes in investments in equity-accounted investees for the six-month period ended June 30, 2015 and the year ended December 31, 2014 are as follows:

(In thousands of won)

		<b>2015</b>				
<b>Company</b>		<b>January 1, 2015</b>	<b>Dividends received</b>	<b>Share of Profits and loss</b>	<b>Other capital movements</b>	<b>June 30, 2015</b>
SDC	₩	4,882,490,386	-	145,131,516	(27,239,455)	5,000,382,447
SBPC		50,077,859	(3,592,523)	4,399,739	(16,690)	50,868,385
SERI		26,774,200	-	(8,991,347)	-	17,782,853
IKT		11,724,624	-	(7,612)	265,419	11,982,431
SD FLEX		7,950,247	-	132,990	-	8,083,237
Total	₩	<u>4,979,017,316</u>	<u>(3,592,523)</u>	<u>140,665,286</u>	<u>(26,990,726)</u>	<u>5,089,099,353</u>

(In thousands of won)

		<b>2014</b>						
<b>Company</b>		<b>January 1, 2014</b>	<b>Acquisition of Business combination</b>	<b>Disposition</b>	<b>Dividends received</b>	<b>Share of Profits and loss</b>	<b>Other capital movements</b>	<b>December 31, 2014</b>
SDC	₩	4,632,864,753	-	-	-	177,049,180	72,576,453	4,882,490,386
SSH		251,439	-	(230,568)	-	(11,606)	(9,265)	-
SBPC		45,140,010	-	-	(5,286,558)	10,267,004	(42,597)	50,077,859
SERI		24,862,759	809,400	-	-	(142,465)	1,244,506	26,774,200
IKT		3,646,627	4,441,935	-	-	2,988,807	647,255	11,724,624
SD FLEX		-	7,832,755	-	-	117,492	-	7,950,247
Total	₩	<u>4,706,765,588</u>	<u>13,084,090</u>	<u>(230,568)</u>	<u>(5,286,558)</u>	<u>190,268,412</u>	<u>74,416,352</u>	<u>4,979,017,316</u>

(5) None of the equity-accounted investees is listed company as of June 30, 2015.

(6) There is no significant restriction on the Group's ability to transfer money from equity-accounted investees and redemption of borrowings or advances to equity-accounted investees.

(7) There is no contingent liability related to interests in equity-accounted investees.

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**12. Property, Plant and Equipment**

Changes in property, plant and equipment for the six-month period ended June 30, 2015 and the year ended December 31, 2014 are as follows:

(1) 2015

<i>(In thousands of won)</i>	<u>Land</u>	<u>Buildings</u>	<u>Structures</u>	<u>Machinery</u>	<u>Vehicles</u>	<u>Tools, furniture and fixtures</u>	<u>Construction in progress</u>	<u>Total</u>
Beginning balance	₩ 710,981,599	972,502,728	262,530,560	1,022,906,573	2,721,761	147,336,955	205,897,375	3,324,877,551
Acquisition cost	710,981,599	2,005,706,495	530,795,295	2,851,780,921	10,081,233	411,725,624	205,897,375	6,726,968,542
Accumulated depreciation	-	(1,033,203,767)	(268,264,735)	(1,828,874,348)	(7,359,472)	(264,388,669)	-	(3,402,090,991)
Acquisitions and capital expenditure	-	462,944	519,928	5,090,348	336,407	12,272,894	332,123,592	350,806,113
Depreciation	-	(29,258,206)	(12,748,239)	(173,795,937)	(634,762)	(45,119,533)	-	(261,556,677)
Disposals	(1,719,813)	(2,024,341)	(86,013)	(4,350,145)	(219,546)	(3,531,994)	-	(11,931,852)
Impairment losses	-	-	(331,449)	(14,395,119)	-	(126,568)	(955,296)	(15,808,432)
Business combinations	1,758,964	5,330,089	1,864,114	18,778,349	15,602	427,402	4,366,855	32,541,375
Other	-	259,194	1,650,066	122,129,797	335,035	30,670,761	(195,481,718)	(40,436,865)
Exchange rate fluctuation	203,347	4,327,324	1,852,716	9,439,938	23,854	692,578	5,205,049	21,744,806
Ending balance	₩ <u>711,224,097</u>	<u>951,599,732</u>	<u>255,251,683</u>	<u>985,803,804</u>	<u>2,578,351</u>	<u>142,622,495</u>	<u>351,155,857</u>	<u>3,400,236,019</u>
Acquisition cost	711,224,097	1,996,827,097	488,865,941	2,313,580,569	9,280,797	422,158,301	351,155,857	6,293,092,659
Accumulated depreciation	-	(1,045,227,365)	(233,614,258)	(1,327,776,765)	(6,702,446)	(279,535,806)	-	(2,892,856,640)

Other amounts include reclassification of construction-in-progress and the amount immediately expensed from construction-in-progress. For the six-month period ended June 30, 2015, the Group recognized impairment loss as it expects the recoverable value of relevant assets in certain division is less than the carrying amount of the relevant assets.

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

Changes in property, plant and equipment for the six-month period ended June 30, 2015 and the year ended December 31, 2014 are as follows, continued:

(2) 2014

<i>(In thousands of won)</i>	<b>Land</b>	<b>Buildings</b>	<b>Structures</b>	<b>Machinery</b>	<b>Vehicles</b>	<b>Tools, furniture and fixtures</b>	<b>Construction in progress</b>	<b>Total</b>
Beginning balance	₩ 126,066,533	580,946,635	148,779,366	743,889,282	3,151,835	83,810,723	101,310,274	1,787,954,648
Acquisition cost	126,066,533	1,579,712,120	396,675,994	3,030,693,579	13,376,811	362,259,592	101,310,274	5,610,094,903
Accumulated depreciation	-	(998,765,485)	(247,896,628)	(2,286,804,297)	(10,224,976)	(278,448,869)	-	(3,822,140,255)
Acquisitions and capital expenditure	-	338,503	1,596,287	15,301,640	513,685	25,342,824	458,235,641	501,328,580
Depreciation	-	(54,286,615)	(23,222,425)	(289,034,952)	(1,452,779)	(75,198,270)	-	(443,195,041)
Disposals	-	(3,345,246)	(4,029,529)	(35,653,024)	(285,258)	(15,236,316)	(3,240,141)	(61,789,514)
Impairment losses	-	(4,837,670)	(15,273,114)	(16,075,197)	(74,717)	(1,889,583)	(5,274,762)	(43,425,043)
Government grant	-	-	-	(1,534,129)	-	(12,023)	-	(1,546,152)
Business combinations	591,303,575	424,068,215	136,201,620	364,982,587	422,406	77,061,696	52,862,844	1,646,902,943
Other	(6,184,591)	29,426,031	19,382,345	242,367,379	391,584	53,031,508	(398,799,995)	(60,385,739)
Exchange rate fluctuation	(203,918)	192,875	(903,990)	(1,337,013)	55,005	426,396	803,514	(967,131)
Ending balance	₩ <u>710,981,599</u>	<u>972,502,728</u>	<u>262,530,560</u>	<u>1,022,906,573</u>	<u>2,721,761</u>	<u>147,336,955</u>	<u>205,897,375</u>	<u>3,324,877,551</u>
Acquisition cost	710,981,599	2,005,706,495	530,795,295	2,851,780,921	10,081,233	411,725,624	205,897,375	6,726,968,542
Accumulated depreciation	-	(1,033,203,767)	(268,264,735)	(1,828,874,348)	(7,359,472)	(264,388,669)	-	(3,402,090,991)

Other amounts include reclassification of construction-in-progress and the amount immediately expensed from construction-in-progress. For the year ended December 31, 2014, the Group recognized impairment loss as it expects the recoverable value of relevant assets in certain division is less than the carrying amount of the relevant assets.

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**13. Intangible Assets**

Changes in intangible assets for the six-month period ended June 30, 2015 and the year ended December 31, 2014 are as follows:

(1) 2015

<i>(In thousands of won)</i>		<b>Industrial property</b>	<b>Development costs</b>	<b>Others</b>	<b>Goodwill</b>	<b>Total</b>
Beginning balance	₩	60,001,781	2,688,214	456,671,330	759,580,267	1,278,941,592
Acquisition cost		104,597,938	4,874,310	665,907,976	770,922,477	1,546,302,701
Accumulated amortization		(44,596,157)	(2,186,096)	(209,236,646)	(11,342,210)	(267,361,109)
Acquisitions Business combinations		987,033	-	936,318	-	1,923,351
Amortization		(4,761,679)	(163,399)	(60,415,980)	-	(65,341,058)
Disposals		-	-	(26,539)	-	(26,539)
Impairment losses		(744,101)	(2,236,713)	(25,056)	-	(3,005,870)
Other		8,081,427	(2,380,132)	11,814,390	-	17,515,685
Exchange rate fluctuation		(81,344)	272,242	(5,657,191)	(3,397,229)	(8,863,522)
Ending balance	₩	<u>63,483,117</u>	<u>4,524,854</u>	<u>427,161,245</u>	<u>808,377,419</u>	<u>1,303,546,635</u>
Acquisition cost		95,851,567	6,108,087	675,930,089	819,719,629	1,597,609,372
Accumulated depreciation		(32,368,450)	(1,583,233)	(248,768,844)	(11,342,210)	(294,062,737)

Other amounts include reclassification of long-term prepaid expenses to exclusive facility usage rights and of construction-in-progress to other intangible assets. For the six-month period ended June 30, 2015, the Group has recognized impairment loss since the recoverable amount of intangible assets of some divisions is expected to be lower than the carrying amount.

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(Unaudited)

**13. Intangible Assets, Continued**

Changes in intangible assets for the six-month period ended June 30, 2015 and the year ended December 31, 2014 are as follows, continued:

(2) 2014

<i>(In thousands of won)</i>		<b>Industrial property</b>	<b>Development costs</b>	<b>Others</b>	<b>Goodwill</b>	<b>Total</b>
Beginning balance	₩	46,689,095	-	91,058,425	29,322,982	167,070,502
Acquisition cost		83,976,703	-	236,640,534	40,665,192	361,282,429
Accumulated amortization		(37,287,608)	-	(145,582,109)	(11,342,210)	(194,211,927)
Acquisitions Business combinations		723,851	-	2,281,049	-	3,004,900
Amortization		6,470,348	16,875,425	416,370,727	734,122,620	1,173,839,120
Disposals		(7,981,395)	(2,186,096)	(78,341,878)	-	(88,509,369)
Impairment losses		(149,749)	-	(146)	-	(149,895)
Other		(971,195)	(12,001,115)	(2,170,149)	-	(15,142,459)
Exchange rate fluctuation		15,293,955	-	31,804,693	-	47,098,648
		(73,129)	-	(4,331,391)	(3,865,335)	(8,269,855)
Ending balance	₩	<u>60,001,781</u>	<u>2,688,214</u>	<u>456,671,330</u>	<u>759,580,267</u>	<u>1,278,941,592</u>
Acquisition cost		104,597,938	16,875,425	665,907,976	770,922,477	1,558,303,816
Accumulated depreciation		(44,596,157)	(14,187,211)	(209,236,646)	(11,342,210)	(279,362,224)

(\*) Goodwill is recognized as a result of the merger with former Cheil Industry, Inc. The Group expects strengthening the competitiveness in lithium-ion battery business by utilizing the capabilities of former Cheil Industry, Inc. in materials parts and system sectors, and expanding its capacity with the integrated systems and the mutual interchange of the customer networks.

Other amounts include reclassification of long-term prepaid expenses to exclusive facility usage rights and of construction-in-progress to other intangible assets. For the year ended December 31, 2014, the Group has recognized impairment loss since the recoverable amount of intangible assets of some divisions is expected to be lower than the carrying amount.

(3) Amortization expense

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

(4) Research & development expenses

Research & development expenses in selling, general and administrative expenses recognized during the six-month periods ended June 30, 2015 and 2014 are ₩276,595 million and ₩147,746 million, respectively.

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**14. Investment Property**

Changes in investment property for the six-month period ended June 30, 2015 and the year ended December 31, 2014 are as follows:

(In thousands of won)

	2015			2014		
	Land	Buildings	Total	Land	Buildings	Total
Beginning balance	₩ 92,888,813	75,838,786	168,727,599	35,533,797	1	35,533,798
Acquisition	-	-	-	90,507	1,465,645	1,556,152
Disposal	-	-	-	(51,780)	-	(51,780)
Depreciation	-	(701,233)	(701,233)	-	(989,202)	(989,202)
Increased by business combination	-	-	-	58,599,897	76,827,987	135,427,884
Impairment losses	-	(65,656,775)	(65,656,775)	(1,005,200)	(1,468,185)	(2,473,385)
Effect of exchange rate fluctuations	(134,650)	-	(134,650)	(278,408)	2,540	(275,868)
Ending balance	₩ 92,754,163	9,480,778	102,234,941	92,888,813	75,838,786	168,727,599

Investment property consists of land and buildings, leased to SDC and STM in Cheon-an and Ulsan and also includes land and buildings leased to Cheil Industries Inc.(formerly, Samsung Everland Inc.)

During the six-month period ended June 30, 2015, a fire broke out in the building (located in Gimpo, Gyeonggi-do) that had been leased to Cheil Industries Inc. It was determined that the recoverable amount of the investment property is materially lower than the carrying amount and the Group recognized loss on impairment of investment property of ₩65,656,775 thousand as other expenses. As of June 30, 2015, the investigation for the fire accident is in progress and damage income that is expected to receive in accordance with terms and conditions of the insurance is recognized as other income.

**15. Trade Payables and Other Liabilities**

Trade payables and other liabilities as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In thousands of won)

	2015		2014	
	Current	Non-current	Current	Non-current
Trade payables	₩ 386,196,994	-	385,429,907	-
Accounts payable	171,456,929	19,664	180,051,477	30,874
Accrued expenses	462,956,008	1,744,696	435,191,620	3,330,784
Other liabilities	444,280,926	20,854,338	231,637,505	30,473,129
Total	₩ 1,464,890,857	22,618,698	1,232,310,509	33,834,787

Other includes provisions, withholdings, and guarantee deposits received.

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**16. Borrowings and Debentures**

(1) Borrowings as of June 30, 2015 and December 31, 2014 are summarized as follows:

*(In thousands of won)*

		<u>2015</u>	<u>2014</u>
<b>Short-term borrowings</b>			
Current portion of debentures in Korean won	₩	499,732,340	399,746,834
Current portion of long-term borrowings in foreign currency		1,887,563	77,386,296
Trade receivable factoring		508,057,521	496,188,709
Short-term borrowings in foreign currency		214,822,485	1,978,560
Bank overdraft		66,377	-
Sub total	₩	<u>1,224,566,286</u>	<u>975,300,399</u>
<b>Long-term borrowings</b>			
Debentures	₩	499,443,391	698,915,245
Long-term borrowings in foreign currency		175,649,505	103,613,175
Sub total		<u>675,092,896</u>	<u>802,528,420</u>
Total	₩	<u><u>1,899,659,182</u></u>	<u><u>1,777,828,819</u></u>

(2) Debentures as of June 30, 2015 and December 31, 2014 are summarized as follows:

*(In thousands of won)*

<u>Borrower</u>	<u>Type</u>	<u>Classification</u>	<u>Date of maturity</u>	<u>Annual Interest rate (%)</u>		<u>2015</u>	<u>2014</u>
			2015.02.02	3.95	₩	-	100,000,000
			2015.08.16	3.17		100,000,000	100,000,000
			2015.09.14	3.19		200,000,000	200,000,000
Parent company	Corporate bonds	Unsecured	2016.04.05	2.72		200,000,000	200,000,000
			2016.08.01	4.46		200,000,000	200,000,000
			2016.10.26	4.39		100,000,000	100,000,000
			2017.02.02	4.03		100,000,000	100,000,000
			2017.08.16	3.31		100,000,000	100,000,000
Less discount on debentures						<u>(824,269)</u>	<u>(1,337,921)</u>
Less current portion of long-term borrowings						<u>(499,732,340)</u>	<u>(399,746,834)</u>
Total						₩ <u><u>499,443,391</u></u>	<u><u>698,915,245</u></u>



SAMSUNG SDI CO., LTD. AND SUBSIDIARIES  
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**16. Borrowings and Debentures, Continued**

(3) Long-term borrowings as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In thousands of won)

<b>Borrower</b>	<b>Description</b>	<b>Financial institution</b>	<b>Date of maturity</b>	<b>Annual Interest rate (%)</b>		<b>2015</b>	<b>2014</b>
SDIEM	Foreign currency loans	Standard Chartered Bank, etc.	2015.09.12, etc.	KLIBOR 3M+ 0.55, etc.	₩	-	171,285,558
SCI	Facility loan	BBCN Bank	2020.05.05	3.25		-	771,101
DSEP	Facility loan	Shinhan bank, etc.	2015.11.23, etc.	2.95, etc.		-	1,870,705
SCH	Financing lease debts	UniCredit Leasing Hungary Zrt	2026.03.31	6.50		6,496,793	7,072,107
SDIBS	Foreign currency loans	Sumitomo Mitsui Banking Corporation Europe Limited	2018.04.27	EURIBOR 3M+0.73		92,017,230	-
	Compulsory loan	Forschungsforderungsgesellschaft	2015.09.30	2.00		1,525,217	-
SAPB	Foreign currency loans	Bank of China	2018.04.10	LIBOR 3M+1.45		77,497,828	-
Subtotal						<u>177,537,068</u>	<u>180,999,471</u>
Less current portion of long-term borrowings						<u>(1,887,563)</u>	<u>(77,386,296)</u>
Total						₩ <u>175,649,505</u>	<u>103,613,175</u>

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**17. Provisions**

Changes in provisions for the six-month period ended June 30, 2015 and the year ended December 31, 2014 are as follows:

(In thousands of won)

	Current					Non-current		Total
	Royalty expenses	Quality assurance	Construction warranties	Incentives	Other	Incentives	Asset retirements obligations	
Balance at Jan. 1, 2014	₩ 47,735,703	16,700,878	-	-	-	28,820,492	-	93,257,073
Increased by business combination	-	-	128,836	-	-	6,675,082	-	6,803,918
Provisions made	620,431	10,250,355	-	6,999,523	16,201,483	20,013,719	-	54,085,511
Provisions used	(38,759,112)	(16,400,135)	(74,034)	-	-	(31,572,769)	-	(86,806,050)
Balance at Dec. 31, 2014	₩ <u>9,597,022</u>	<u>10,551,098</u>	<u>54,802</u>	<u>6,999,523</u>	<u>16,201,483</u>	<u>23,936,524</u>	-	<u>67,340,452</u>
Balance at Jan. 1, 2015	₩ 9,597,022	10,551,098	54,802	6,999,523	16,201,483	23,936,524	-	67,340,452
Increased by business combination	-	1,767,095	-	-	736,260	-	-	2,503,355
Provisions made	-	2,960,962	1,616	6,999,523	480,798	1,883,978	27,322	12,354,199
Provisions used	(3,706,138)	(3,381,171)	(54,778)	(6,999,523)	-	(11,150,439)	-	(25,292,049)
Balance at June 30, 2015	₩ <u>5,890,884</u>	<u>11,897,984</u>	<u>1,640</u>	<u>6,999,523</u>	<u>17,418,541</u>	<u>14,670,063</u>	<u>27,322</u>	<u>56,905,957</u>

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

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

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

The Group records provision for construction warranties if the expenditure of future repairs and claims after the completion of construction is probable and the amount can be estimated reliably.

Other provision is recorded based on the estimated amount of the payment to be paid to the non-controlling interests of SSED related to the agreement of the planned dissolution of SSED in 2015.

The details of provisions for lawsuits have not been shown as it may affect the investigation result and pending lawsuits.

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**18. Employee Benefits**

(1) Employee benefit liabilities as of June 30, 2015 and December 31, 2014 are summarized as follows:

1) Defined benefit obligation

(In thousands of won)

	<u>2015</u>	<u>2014</u>
Present value of defined benefit obligations		
Beginning balance	₩ 507,884,165	276,731,853
Current service costs	40,076,621	64,733,675
Interests expenses	9,151,670	15,403,342
Transfer in related parties	1,986,290	1,443,667
Payments of employee benefits	(11,651,992)	(40,890,505)
Actuarial loss in other comprehensive income	310,552	24,884,267
Payments with a subscription to the defined contribution plan	(899,625)	(2,182,200)
Obligations assumed in business combination	3,624,228	167,861,104
Exchange rate fluctuations	159,588	(101,038)
Ending balance	550,641,497	507,884,165
Fair value of plan assets	(494,236,451)	(496,358,797)
Total	₩ <u>56,405,046</u>	<u>11,525,368</u>

2) Other liabilities for employee benefits as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In thousands of won)

	<u>2015</u>	<u>2014</u>
Liabilities for paid absence	₩ 46,007,230	52,881,528
Long-term incentive provisions	21,669,586	30,936,047
Total	₩ <u>67,676,816</u>	<u>83,817,575</u>

(2) Expenses for employee benefits for the three- and six-month periods ended June 30, 2015 and 2014 are as follows:

(In thousands of won)

	<u>2015</u>		<u>2014</u>	
	<u>Three-month</u>	<u>Six-month</u>	<u>Three-month</u>	<u>Six-month</u>
Current service costs	₩ 20,032,983	40,076,621	13,030,179	26,060,858
Interest cost	4,582,328	9,151,670	3,109,326	6,218,652
Interest income	(4,455,112)	(8,910,223)	(2,774,261)	(5,548,520)
Payment on defined contribution plans	7,298	452,367	4,636	269,171
Total	₩ <u>20,167,497</u>	<u>40,770,435</u>	<u>13,369,880</u>	<u>27,000,161</u>

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**19. Commitments and Contingencies**

- (1) As of June 30, 2015 the Group has been provided a guarantee of ₩20,148 million by Seoul Guarantee Insurance Co., Ltd. in relation to a court deposit and licensing procedures.
- (2) In December 2012, the European Commission imposed the fine of EUR 150,840 thousand to the Group for Cathode Ray Tubes (CRT) price fixing, and the Group has appealed the decision to a court. Also, the Group is under investigations on CRT price fixing from the appropriate authorities of Japan and other countries, and buyers from the Europe and four other countries claimed for civil damages. Estimated losses concerning the investigations have been recognized by the Group, however, actual losses may be different from the amount estimated by the Group and the difference can be significant. In addition, concerning the lawsuits, the proceedings are in progress, and neither result of the lawsuits nor the impact on the financial statements can be reasonably determined. Based on legal advice, the management does not expect the outcome of the action to have a material effect on the Group's financial position. The Group does not disclose the details as it could affect the result of the investigations and the pending litigations.
- (3) In addition to the litigations described in (2), (3) above, as of June 30, 2015, the Group is a defendant in twenty two cases in domestic and foreign jurisdictions arising from the ordinary course of business. However, the detailed information has not been disclosed as such disclosures may be prejudicial to the outcome of these cases. While the amount and the timing of outflow of resources from the litigations are uncertain, as of June 30, 2015, the impact on the consolidated financial statements cannot be reasonably estimated.
- (4) The Group has following borrowing commitments as of June 30, 2015.

*(In thousands of USD, CNY and EUR and hundred millions of won)*

	<u>Currency</u>	<u>Credit limit</u>	<u>Name of financial institution</u>
Bank overdrafts	KRW	435	Shinhan and 5 others
	USD	165,200	Citi and 4 others
	CNY	800,000	Bank of China and 1 other
General purpose loans	KRW	1,050	KEB and 1 other
	USD	8,500	Shinhan and 1 other
	EUR	3,000	Citi
	CNY	12,000	Woori
Note receivable discount	KRW	700	Hana
Trade financing(Local L/C)	KRW	1,100	KEB and 3 others
A/S, Usance	USD	237,300	Woori and 5 others
Loans for Import trade	USD	105,000	Deutsche and 2 others
Guarantee payments for foreign currency	USD	81,000	Woori and 1 other
D/A, D/P, O/A	USD	1,097,525	Woori and 7 others
Secured loan of credit sales	KRW	2,540	Woori and 5 others

- (5) In accordance with technical license agreements, the Group recorded royalty expenses of ₩4,928 million and ₩815 million for the six-month periods ended June 30, 2015 and 2014, respectively.
- (6) As of June 30, 2015, the Group provides a guarantee up to ₩11,412 million relating to the borrowings for rented housing to its employees.

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**19. Commitments and Contingencies, Continued**

(7) In accordance with the securities transaction agreement with Hanwha Chemical Corporation and Hanwha Energy Corporation ("transferees") on November 26, 2014, the Group has put option for 1,721,156 shares ("residual shares") of Hanwha General Chemical Co., Ltd. ("Hanwha General Chemical") and the transferees have call option for the residual shares. The options will be valid for all the residual shares if Hanwha General Chemical is not listed until 6 years (7 years, if transferees request) from June 29, 2015. The exercise price is the higher amount of the following two amounts.

- Price 1 : Price per share that is calculated by EBITDA multiple method (Enterprise Value/EBITDA)  
EBITDA is adjusted amount for the previous year of the exercise date
- Price 2 : ₩32,255 per share

Fair values of the put and call option are not measured because the possibility of distortion for fair values is high due to low reliabilities of underlying data.

**20. Capital Stock and Capital Surplus**

(1) Capital stock

Ordinary shares and preferred shares issued and outstanding as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In shares)

Classification	2015		
	Issued shares	Treasury shares	Outstanding shares
<b>Ordinary shares</b>			
January, 1	68,764,530	35,891	68,728,639
Disposal of treasury stock	-	-	-
Acquisition of treasury stock	-	-	-
June, 30	<u>68,764,530</u>	<u>35,891</u>	<u>68,728,639</u>
<b>Preferred shares</b>	<u>1,617,896</u>	<u>108,402</u>	<u>1,509,494</u>

(In shares)

Classification	2014		
	Issued shares	Treasury shares	Outstanding shares
<b>Ordinary shares</b>			
January, 1	45,558,341	2,178,399	43,379,942
Disposal of treasury stock	-	(2,178,399)	2,178,399
Acquisition of treasury stock	-	35,781	(35,781)
Business combination	23,206,189	110	23,206,079
December, 31	<u>68,764,530</u>	<u>35,891</u>	<u>68,728,639</u>
<b>Preferred shares</b>	<u>1,617,896</u>	<u>108,402</u>	<u>1,509,494</u>

(2) Capital surplus as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In thousands of won)

	2015	2014
Capital in excess of par value	₩ 4,838,550,738	4,838,550,738
Other capital surpluses	194,049,777	194,049,777
Total	<u>₩ 5,032,600,515</u>	<u>5,032,600,515</u>

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**20. Capital Stock and Capital Surplus, Continued**

(3) Dividends declared by the Parent Company for the six-month periods ended June 30, 2015 and 2014 are summarized as follows. There is no income tax effect relating to these dividends.

<i>(In thousands of won)</i>	<u>2015</u>	<u>2014</u>
Ordinary share (2015: ₩1,000 per share, 2014: ₩1,500 per share)	₩ 68,728,639	65,069,913
Preferred share (2015: ₩1,050 per share, 2014: ₩1,550 per share)	1,584,969	2,339,719
Total	<u>₩ 70,313,608</u>	<u>67,409,632</u>

**21. Other Capital**

(1) Other capital as of June 30, 2015 and December 31, 2014 are summarized as follows:

<i>(In thousands of won)</i>	<u>2015</u>	<u>2014</u>
Treasury shares	₩ (10,848,672)	(10,848,672)

(2) As of June 30, 2015, the Parent Company has common stock of 35,891 shares and preferred stock of 108,402 shares acquired at market value as treasury (other capital) and the Parent Company is planning to dispose of these shares according to market conditions.

**22. Accumulated Other Comprehensive Income**

Accumulated other comprehensive income as of June 30, 2015 and December 31, 2014 are summarized as follows:

<i>(In thousands of won)</i>	<u>2015</u>	<u>2014</u>
Effective portion of changes in fair value of cash flow hedges	₩ -	(279,630)
Unrealized gain in fair values of available-for-sale financial assets	1,198,904,561	1,141,478,992
Unrealized gain on investments in equity-accounted investees	448,407,780	432,046,368
Unrealized loss on investments in equity-accounted investees	(204,848,733)	(168,282,179)
Loss on translation of foreign operations	(52,801,417)	(59,317,393)
Total	<u>₩ 1,389,662,191</u>	<u>1,345,646,158</u>

**23. Retained Earnings**

Retained earnings as of June 30, 2015 and December 31, 2014 are summarized as follows:

<i>(In thousands of won)</i>	<u>2015</u>	<u>2014</u>
Legal reserve	₩ 129,957,831	122,926,470
Discretionary reserve	4,875,098,000	5,141,818,000
Undisposed accumulated deficit	(457,000,605)	(402,422,557)
Total	<u>₩ 4,548,055,226</u>	<u>4,862,321,913</u>

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**24. Selling, General and Administrative Expenses**

Details of selling, general and administrative expenses for the three- and six-month periods ended June 30, 2015 and 2014 are as follows:

(In thousands of won)

	2015		2014	
	Three-month	Six-month	Three-month	Six-month
Salaries and wages	₩ 56,147,809	133,690,716	15,070,246	22,283,607
Expenses for employee benefits	4,809,541	10,148,133	1,783,042	6,028,763
Employee fringe benefits	17,802,836	33,739,651	6,109,173	14,442,852
Depreciation	25,938,695	50,611,834	3,445,330	9,191,800
Research and development expenses	140,009,467	276,594,847	63,914,781	147,746,090
Supplies and repair cost	2,627,820	4,616,510	1,016,421	2,528,734
Transportation cost	6,179,901	11,419,531	2,565,662	5,829,391
Insurance expenses	3,148,797	6,289,416	1,379,438	3,093,512
Selling and distribution cost	32,225,847	59,699,922	7,547,311	16,760,515
Fees and commissions	21,963,705	42,555,835	479,775	8,527,304
Rental expenses	2,964,238	6,027,198	966,917	2,050,808
Others	22,073,641	46,748,421	1,642,214	10,637,168
Total	₩ <u>335,892,297</u>	<u>682,142,014</u>	<u>105,920,310</u>	<u>249,120,544</u>

**25. Nature of Expenses**

The nature of expenses for the three- and six-month periods ended June 30, 2015 and 2014 are as follows:

(In thousands of won)

	2015		2014	
	Three-month	Six-month	Three-month	Six-month
Salaries and wages	₩ 218,368,893	468,104,925	107,657,209	216,060,833
Expenses for employee benefits	20,167,497	40,770,435	8,370,502	17,551,578
Employee fringe benefits	68,279,398	132,374,277	32,451,657	70,176,984
Depreciation	130,887,699	262,257,910	79,686,526	165,958,178
Amortization	32,696,964	65,341,058	8,721,027	17,954,315
Total	₩ <u>470,400,451</u>	<u>968,848,605</u>	<u>236,886,921</u>	<u>487,701,888</u>

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**26. Other Income and Other Expenses**

(1) Other income for the three- and six-month periods ended June 30, 2015 and 2014 are as follows:

(In thousands of won)

		2015		2014	
		Three-month	Six-month	Three-month	Six-month
Dividends income	₩	7,062,952	19,378,257	313	11,381,936
Rental income		181,270	352,788	221,147	250,003
Reversal of allowance for doubtful accounts		27,445	40,692	319,134	319,134
Gain on sale of available-for-sale financial assets		94,246,437	94,295,773	30,858	30,858
Gain on sale of property, plant and equipment		2,819,916	4,563,410	646,413	1,451,258
Gain on sale of investment assets		-	-	204,670	204,670
Damages income		78,851,795	78,851,795	-	-
Miscellaneous income		16,913,200	35,200,953	25,336,810	40,194,691
Total	₩	<u>200,103,015</u>	<u>232,683,668</u>	<u>26,759,345</u>	<u>53,832,550</u>

(2) Other expenses for the three- and six-month periods ended June 30, 2015 and 2014 are as follows:

(In thousands of won)

		2015		2014	
		Three-month	Six-month	Three-month	Six-month
Bad debt expenses-other	₩	-	-	(348,312)	-
Loss on sale of available-for-sale assets		762,158	767,112	-	-
Loss on impairment for available-for-sale assets		33,087,172	33,087,172	-	-
Donation		(666,616)	2,331,770	3,780,028	3,886,578
Loss on disposal of property, plant and equipment		4,177,204	6,142,291	1,000,708	1,560,469
Loss on impairment for property, plant and equipment		13,807,752	15,806,623	-	-
Loss on restoration for property, plant and equipment		(9,180)	15,666	-	-
Loss on disposal of intangible assets		26,539	26,539	12,501	126,397
Loss on impairment for intangible assets		-	3,005,870	-	-
Loss on impairment for investment property		65,656,776	65,656,776	-	-
Legal expense and other		555,723,015	566,508,086	1,436,749	3,077,420
Total	₩	<u>672,564,820</u>	<u>693,347,905</u>	<u>5,881,674</u>	<u>8,650,864</u>



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**27. Finance Income and Finance Costs**

(1) Finance income and costs for the three- and six-month periods ended June 30, 2015 are as follows:

(In thousands of won)

		Interest income / expense		Foreign currency transaction gain / loss		Foreign currency translations gain / loss		Gain / loss on transaction of derivatives	
		Three-month	Six-month	Three-month	Six-month	Three-month	Six-month	Three-month	Six-month
Cash and cash equivalents	₩	2,820,519	5,788,424	(147,824)	918,646	(3,772)	315	-	-
Loans and receivables		1,705,522	1,781,065	(19,778,315)	(33,162,077)	22,036,542	17,578,199	-	-
Financial instruments		5,632,338	12,936,781	(277)	(1,267)	(3,190)	(13,046)	-	-
Other financial liabilities		(13,461,342)	(25,394,477)	19,489,399	31,358,503	(19,837,130)	(13,591,273)	-	-
Derivatives		-	-	-	-	-	-	-	(1,248,330)
Total	₩	(3,302,963)	(4,888,207)	(437,017)	(886,195)	2,192,450	3,974,195	-	(1,248,330)

(2) Finance income and costs for the three- and six-month periods ended June 30, 2014 are as follows:

(In thousands of won)

		Interest income / expense		Foreign currency transaction gain / loss		Foreign currency translations gain / loss		Gain / loss on transaction of derivatives	
		Three-month	Six-month	Three-month	Six-month	Three-month	Six-month	Three-month	Six-month
Cash and cash equivalents	₩	2,853,080	6,006,643	(438,377)	(85,716)	-	-	-	-
Loans and receivables		(308)	8,010	(23,104,736)	(16,183,304)	(5,293,384)	(6,125,219)	-	-
Financial instruments		(43,153)	(100,412)	(10,137,937)	(10,136,860)	(8,333)	(8,333)	-	-
Other financial liabilities		(5,879,262)	(11,757,592)	27,825,822	24,709,221	9,399,264	13,126,499	-	-
Derivatives		-	-	-	-	-	-	(683,191)	(1,185,647)
Total	₩	(3,069,643)	(5,843,351)	(5,855,228)	(1,696,659)	4,097,547	6,992,947	(683,191)	(1,185,647)

Interest expense recognized for the three- and six-month periods ended June 30, 2015 and 2014 are ₩23,638 million and ₩15,762 million, respectively.

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**28. Income Tax Expense**

Income tax expense (benefit) for the three- and six-month periods June 30, 2015 and 2014 are summarized as follows:

(In thousands of won)

	2015		2014	
	Three-month	Six-month	Three-month	Six-month
Current income taxes	₩ 27,957,697	42,010,181	20,326,501	26,163,244
Deferred income taxes from changes in temporary differences	(106,261,532)	(84,422,991)	78,379,123	84,904,718
Deferred income taxes from changes in tax credit carry forward	(12,786,199)	(32,820,888)	(37,929,841)	(35,120,066)
Deferred income taxes recorded in stockholders' equity	-	-	(41,278,702)	(41,278,702)
Others	444,936	699,801	412,792	99,663
Income tax expense (benefit)	₩ (90,645,098)	(74,533,897)	19,909,873	34,768,857
Continuing operations	(90,645,098)	(74,533,897)	23,567,388	42,165,366
Discontinued operations	-	-	(3,657,515)	(7,396,509)

**29. Earnings Per Share**

(1) Basic earnings per share

1) Basic earnings per share for the three- and six-month periods ended June 30, 2015 and 2014 are as follows:

i) Ordinary shares

(In thousands of won, except earnings per share)

	2015		2014	
	Three-month	Six-month	Three-month	Six-month
Profit (loss) for the interim, attributable to the owners of the Company	(303,447,342)	(243,776,646)	19,103,361	58,236,652
Profit (loss) attributable to ordinary shares	(296,925,928)	(238,537,620)	18,490,704	56,368,965
Profit (loss) from continuing operations attributable to ordinary shares	(296,925,928)	(238,537,620)	56,804,102	116,137,919
Loss from discontinued operations attributable to ordinary shares	-	-	(38,313,398)	(59,768,954)
Weighted average number of ordinary shares (basic)	68,728,639	68,728,639	44,002,342	43,692,861
Basic earnings per share (won)	(4,320)	(3,471)	420	1,290
Basic earnings per share of continuing operations (won)	(4,320)	(3,471)	1,291	2,658
Basic earnings per share of discontinued operations (won)	-	-	(871)	(1,368)

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**29. Earnings Per Share, Continued**

ii) Preferred shares

*(In thousands of won, except earnings per share)*

	2015		2014	
	Three-month	Six-month	Three-month	Six-month
Profit (loss) for the interim, attributable to the owners of the Company	(303,447,342)	(243,776,646)	19,103,361	58,236,652
Profit (loss) attributable to preferred shares	(6,521,414)	(5,239,026)	612,657	1,867,687
Profit (loss) from continuing operations attributable to preferred shares	(6,521,414)	(5,239,026)	1,882,105	3,848,027
Loss from discontinued operations attributable to preferred shares	-	-	(1,269,448)	(1,980,340)
Weighted average number of preferred shares (basic)	1,509,494	1,509,494	1,509,496	1,509,496
Basic earnings per share (won)	(4,320)	(3,471)	406	1,237
Basic earnings per share of continuing operations (won)	(4,320)	(3,471)	1,247	2,549
Basic earnings per share of discontinued operations (won)	-	-	(841)	(1,312)

2) Weighted average number of ordinary shares outstanding for the three- and six-month periods ended June 30, 2015 and 2014 is calculated as follows:

i) Ordinary shares

*(In shares)*

	2015		2014	
	Three-month	Six-month	Three-month	Six-month
Issued ordinary shares at January 1	68,764,530	68,764,530	45,558,341	45,558,341
Effect of treasury shares held	(35,891)	(35,891)	(1,555,999)	(1,865,480)
Weighted average number of ordinary shares outstanding (basic)	<u>68,728,639</u>	<u>68,728,639</u>	<u>44,002,342</u>	<u>43,692,861</u>

ii) Preferred shares

*(In shares)*

	2015		2014	
	Three-month	Six-month	Three-month	Six-month
Issued ordinary shares at January 1	1,617,896	1,617,896	1,617,896	1,617,896
Effect of treasury shares held	(108,402)	(108,402)	(108,400)	(108,400)
Weighted average number of ordinary shares outstanding (basic)	<u>1,509,494</u>	<u>1,509,494</u>	<u>1,509,496</u>	<u>1,509,496</u>

Although the preferred shares have no priority for dividends, the Group determines that it is distinguished from the other kinds of ordinary shares due to additional dividend rate and calculates basic earnings per share separately.

(2) Diluted earnings per share

For the three- and six-month periods ended June 30, 2015 and 2014, diluted earnings per share is same as basic earnings per share due to anti-dilutive effect.

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**30. Related Parties**

(1) Significant transactions with related parties for the six-month periods ended June 30, 2015 and 2014 are as follows:

(In thousands of won)

	<b>2015</b>				
	<b>Revenues</b>	<b>Other Income</b>	<b>Inventory purchase</b>	<b>Purchase of property, plant and equipment</b>	<b>Other expenses</b>
<b>Associates</b>					
Samsung Display Co., Ltd. ("SDC") and subsidiaries	₩ 315,622,907	29,229,440	-	-	1,558,812
Samsung Economic Research Institute	-	-	-	-	1,606,300
SD FLEX CO., LTD.	68,616	427,647	5,331,134	-	25,643
<b>Other affiliated corporations</b>					
Samsung Electronics Co., Ltd. ("SEC") and subsidiaries	736,176,579	4,286,303	805,409	1,184,630	20,656,993
Total	₩ 1,051,868,102	33,943,390	6,136,543	1,184,630	23,847,748

(In thousands of won)

	<b>2014</b>			
	<b>Revenues</b>	<b>Other income</b>	<b>Inventory purchase</b>	<b>Other expenses</b>
<b>Associates</b>				
Samsung Display Co., Ltd. ("SDC") and subsidiaries	₩ 6,473,153	28,996,696	-	-
Samsung Economic Research Institute	-	-	-	-
<b>Other affiliated corporations</b>				
Samsung Electronics Co., Ltd. ("SEC") and subsidiaries	1,163,262,743	8,068,032	86,426,365	96,540
Total	₩ 1,169,735,896	37,064,728	86,426,365	96,540

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**30. Related Parties, Continued**

(2) Details of significant account balances with related parties as of June 30, 2015 and December 31, 2014 are as follows:

(In thousands of won)

	<b>2015</b>					
	<b>Account receivable</b>	<b>Other receivable</b>	<b>Other assets</b>	<b>Account payable</b>	<b>Other payable</b>	<b>Other liability</b>
<b>Associates</b>						
Samsung Display Co., Ltd. ("SDC") and subsidiaries	₩ 41,680,914	3,241	-	-	1,285	-
Samsung Economic Research Institute	-	-	-	-	468,743	-
SD FLEX CO., LTD.	93,680	-	-	567,418	-	-
<b>Other affiliated corporations</b>						
Samsung Electronics Co., Ltd. ("SEC") and subsidiaries	134,167,144	1,108,743	758,693	35,915	1,943,966	8,190
Total	₩ 175,941,738	1,111,984	758,693	603,333	2,413,994	8,190

(In thousands of won)

	<b>2014</b>					
	<b>Account receivable</b>	<b>Other receivable</b>	<b>Other assets</b>	<b>Account payable</b>	<b>Other payable</b>	<b>Other liability</b>
<b>Associates</b>						
Samsung Display Co., Ltd. ("SDC") and subsidiaries	₩ 32,414,014	24,599	-	-	72,623	-
Samsung Economic Research Institute	-	-	-	-	874,164	-
SD FLEX CO., LTD.	-	86,827	-	614,800	3,615	-
<b>Other affiliated corporations</b>						
Samsung Electronics Co., Ltd. ("SEC") and subsidiaries	132,926,807	2,883,903	711,443	4,295	5,861,810	8,190
Total	₩ 165,340,821	2,995,329	711,443	619,095	6,812,212	8,190

(3) Personnel compensations in total to registered officers (the "key management") who have the authority and responsibility in the planning, directing, and control of the Group are ₩1,882 million and ₩2,792 million, for the six-month periods ended June 30, 2015 and 2014, respectively. As of June 30, 2015 and December 31, 2014, liabilities related to long-term employee benefits for key management are ₩4,065 million and ₩3,916 million, respectively. In addition, liabilities related to retirement benefits for key management as of June 30, 2015 and December 31, 2014 are ₩7,453 million and ₩6,935 million, respectively.

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**31. Non-controlling Interests**

Non-controlling interests for the six-month periods ended June 30, 2015 and 2014 are calculated as follows:

(1) 2015

(In millions of won)

		<b>SDI(M)</b>	<b>NOVALED</b>	<b>United States (SDIA and other)</b>	<b>China (TSDI and 4 others)</b>	<b>Others</b>	<b>Total</b>
Current assets	₩	54,669	47,194	102,855	679,640	21,556	905,914
Non-current assets		59	132,703	18,221	625,504	33,672	810,159
Current liabilities		28,343	11,445	39,025	281,681	3,269	363,763
Non-current liabilities		-	38,625	519	77,498	24	116,666
Net assets		26,385	129,827	81,532	945,965	51,935	1,235,644
Carrying amount of non-controlling interests		47,744	18,471	5,456	193,094	2,097	266,862
Sales		-	27,705	7,579	626,872	3,160	665,316
Profit (loss)		(18,332)	13,968	(84)	13,019	927	9,498
Total comprehensive income(loss)		(22,695)	12,438	2,884	37,203	(2,060)	27,770
Distributed profit (loss) of non- controlling interests		(6,062)	4,023	(7)	128	309	(1,609)
Cash flow from operating activities		46,565	17,601	(15,520)	79,818	(618)	127,846
Cash flow from investing activities		(30,205)	(3,721)	(9,571)	(182,778)	(1,010)	(227,285)
Cash flow from financing activities before payment on dividends of non- controlling interests		-	-	-	108,117	(2,986)	105,131
Dividends attributed to non-controlling equity		-	-	-	(1,779)	(12)	(1,791)
Exchange rate change effect		(1,005)	(408)	296	5,855	(1,756)	2,982
Changes on cash and cash equivalents		15,355	13,472	(24,795)	9,233	(6,382)	6,883

The condensed information on cash flows is translated to Korean Won based on the cash flow of subsidiaries before consolidation adjustments.

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(Unaudited)

**31. Non-controlling Interests, Continued**

Non-controlling interests for the six-month periods ended June 30, 2015 and 2014 are calculated as follows, Continued:

(2) 2014

(In millions of won)

		<b>SDI(M)</b>	<b>United States (SDIA and other)</b>	<b>China (TSDI and 3 others)</b>	<b>Others</b>	<b>Total</b>
Current assets	₩	78,983	97,581	732,285	22,933	931,782
Non-current assets		70	37,092	451,374	35,576	524,112
Current liabilities		29,629	61,331	408,009	3,525	502,494
Non-current liabilities		-	14	-	-	14
Net assets		49,424	73,328	775,650	54,984	953,386
Carrying amount of non-controlling interests		9,918	4,682	128,216	957	143,773
Sales		-	177,179	1,329,130	-	1,506,309
Profit (loss)		(6,086)	10,350	85,343	2,618	92,225
Total comprehensive income(loss)		(7,063)	(33,135)	41,708	5,544	7,054
Distributed profit (loss) of non-controlling interests		(1,912)	474	4,540	103	3,205
Cash flow from operating activities		(4,806)	(4,735)	105,708	5,534	101,701
Cash flow from investing activities		1,630	(402)	8,416	(3,728)	5,916
Cash flow from financing activities before payment on dividends of non-controlling interests		-	(24,077)	(119,499)	(14,242)	(157,818)
Dividends attributed to non-controlling equity		-	(2,169)	(13,406)	(18)	(15,593)
Exchange rate change effect		(3)	(858)	(8,901)	664	(9,098)
Changes on cash and cash equivalents		(3,179)	(32,241)	(27,682)	(11,790)	(74,892)

The condensed information on cash flows is translated to Korean Won based on the cash flow of subsidiaries before consolidation adjustments.

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**32. Discontinued Operation**

The Group discontinued manufacturing and sales of PDP (Plasma Display Panel) division due to decreased demand of PDP in 2014. In addition, the Group discontinued division of solar energy battery due to uncertainty of the market. The comparative consolidated statement of comprehensive income is re-presented in order to show the discontinued operation separately from continuing operations.

- (1) Profit or loss from discontinued operations for the three and six-month periods ended June 30, 2014 are summarized as follows:

*(In thousands of won)*

		<b>2014</b>	
		<b>Three-month</b>	<b>Six-month</b>
Profit (loss) from discontinued operations:			
Revenue	₩	214,386,437	518,996,509
Expense		(257,626,798)	(588,142,312)
Loss from discontinued operations before Income tax		(43,240,361)	(69,145,803)
Income tax expense (benefit)		(3,657,515)	(7,396,509)
Loss from discontinued operations	₩	<u>(39,582,846)</u>	<u>(61,749,294)</u>
Basic earnings per share for ordinary shares (won)		(871)	(1,368)
Basic earnings per share for preferred shares (won)		(841)	(1,312)

- (2) Cash flow from (used in) discontinued operations for the six-month period ended June 30, 2014 is summarized as follows:

*(In thousands of won)*

		<b>2014</b>
Cash flow from (used in) operating activities	₩	25,870,362
Cash flow from (used in) investing activities		155,767
Cash flow from (used in) financing activities		-
Cash flow from (used in) discontinued operations	₩	<u>26,026,129</u>

**33. Non-current Assets Held for Sale**

The Group committed to a plan to sell shares and tangible assets of a subsidiary and started to select a buyer. For the six-month ended June 30, 2015, the group classified non-current assets of subsidiaries into non-current assets held for sale due to expectation that the assets are supposed to be disposed of.

Non-current assets held for sale as of June 30, 2015 and December 31, 2014 are summarized as follows:

*(In thousands of won)*

		<b>2015</b>	<b>2014</b>
Tangible assets	₩	18,957,039	6,456,871
Other non-current assets		11,820,265	-
Total	₩	<u>30,777,304</u>	<u>6,456,871</u>



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**34. Business Combination**

In 2015, SDIBS obtained control of Magna Styer Battery Systems GmbH & Co. OG (the "MSBS") by acquiring 100% of its shares from Magna international Inc. SDIA took over assets and liabilities of Battery Systems segment of Magna E-car Systems of America LLC from Magna international Inc. The Group will obtain Magna International's license for battery pack business in China through Chang Chun Joint Venture, which will be established in near future.

(1) General details

Plan	Details
Acquiree	Magna Styer Battery Systems GmbH & Co. OG
Purpose of acquisition	Expansion of automotive battery business
Date of acquisition	01-May-15

In the two month period after the acquisition, MSBS contributed revenue of ₩10,974 million and loss of ₩3,786 million. If the acquisition had occurred on January 1, 2015, management estimates that consolidated revenue of ₩18,442 million and consolidated loss of ₩7,213 million would have been additionally recognized. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2015.

(2) Consideration transferred

SDIBS and SDIA paid the acquisition price of EUR 100,562 thousand and EUR 8,000 thousand to Magna International Inc. in cash, and there is no other or contingent consideration to transfer.

(3) Identifiable assets acquired and liabilities assumed

1) Amount of assets acquired and liabilities assumed as of July 1, 2014 as follows:

*(In thousands of won)*

	Amount
Property, plant and equipment	₩ 32,541,375
Intangible assets	30,208,615
Inventories	6,822,777
Cash and cash equivalents	17,975,745
Trade receivables and other assets	15,762,430
Borrowings	(1,448,285)
Trade payables and other liabilities	(24,095,810)
Identifiable net assets	<u>77,766,847</u>

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**32. Business Combination, Continued**

(3) Identifiable assets acquired and liabilities assumed, continued

2) Fair value measurements

Valuation methods, used to measure the fair value of acquired significant assets, are as follows:

<u>Acquired assets</u>	<u>Valuation method</u>
Property, plant and equipment	Market comparison technique and cost technique: The valuation model considers quoted market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	Relief-from-royalty method and multi-period excess earnings method: The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents or trademarks being owned. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.

(4) Goodwill

Goodwill was recognized as a result of the merger as follows:

*(In thousands of won)*

	<u>Amount</u>
Total consideration transferred	₩ 129,961,228
Less : Fair value of identifiable net assets	<u>77,766,847</u>
Goodwill	<u>₩ 52,194,381</u>