

SAMSUNG SDI CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Financial Statements

(Unaudited)

June 30, 2014 and 2013

(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, 2014, the condensed consolidated statements of comprehensive income (loss) for the three- and six-month periods ended June 30, 2014 and 2013, the condensed consolidated statements of changes in equity and cash flows for the six-month periods ended June 30, 2014 and 2013, and notes to the interim financial statements.

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 auditing standards generally accepted in the Republic of Korea and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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



Highlights

The following matters may be helpful to the readers in their understanding of the condensed consolidated interim financial statements:

(1) Merger

As discussed in note 32 to the condensed consolidated interim financial statements, Samsung SDI co., Ltd. consummated merger with Cheil Industries Inc. on July 1, 2014 pursuant to the resolution of the Board of Directors meeting held on March 31, 2014. The transaction is expected to be accounted for as a business combination under K-IFRS No. 1103 Business Combinations.

(2) Discontinued operation

As discussed in note 32 to the condensed consolidated interim financial statements, the Group committed to a plan to stop its PDP business on July 1, 2014. Manufacturing and sales of PDP are scheduled to stop from November 30, 2014.

Other matters

The consolidated statement of financial position of the Group as of December 31, 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by us and our report thereon, dated February 19, 2014, expressed an unqualified opinion. The accompanying condensed consolidated statement of financial position of the Group as of December 31, 2013, presented for comparative purposes, is not different from that audited by us in all material respects.

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

KPMG Samjory Accounting Corp.

Seoul, Korea
August 13, 2014

This report is effective as of August 13, 2014, 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, 2014 and December 31, 2013
(Unaudited)

<i>(In thousands of won)</i>	<u>Note</u>	<u>2014</u>	<u>2013</u>
Assets			
Cash and cash equivalents	4.6 ₩	795,988,812	730,176,084
Trade and other receivables, net	4.7, 30	643,552,262	685,033,763
Inventories, net	8	531,854,645	525,775,079
Other investments	4.9	68,035,958	71,488,711
Other current assets	10	<u>47,603,166</u>	<u>50,717,934</u>
Total current assets		<u>2,087,034,843</u>	<u>2,063,191,571</u>
Long-term trade and other receivables, net	4.7, 30	6,625,468	6,089,116
Investments in equity-accounted investees	11	4,838,100,121	4,706,765,588
Property, plant and equipment, net	5.12	1,729,228,748	1,787,954,648
Intangible assets, net	5.13	166,635,927	167,070,502
Investment property	5.14	35,305,701	35,533,798
Deferred tax assets	28	43,864,369	48,843,357
Other non-current investments	4.9	1,893,754,329	1,667,224,759
Other non-current assets	10, 13	<u>74,418,046</u>	<u>72,997,550</u>
Total non-current assets		<u>8,787,932,709</u>	<u>8,492,479,318</u>
Total assets	₩	<u>10,874,967,552</u>	<u>10,555,670,889</u>
Liabilities			
Trade and other payables	4, 15, 17, 19, 30 ₩	916,084,235	1,088,024,851
Income tax payable	28	22,001,356	19,667,238
Advance received		893,709	3,324,294
Unearned revenue		682,051	727,563
Short-term borrowings	4, 16	<u>398,061,202</u>	<u>415,213,243</u>
Total current liabilities		<u>1,337,722,553</u>	<u>1,526,957,189</u>
Trade and other payables	4, 15, 17, 19, 30	11,991,392	33,226,696
Long-term borrowings	4, 16	766,068,968	768,951,600
Employee benefits	18	55,342,547	29,409,085
Deferred tax liabilities	28	<u>751,232,890</u>	<u>654,709,888</u>
Total non-current liabilities		<u>1,584,635,797</u>	<u>1,486,297,269</u>
Total liabilities		<u>2,922,358,350</u>	<u>3,013,254,458</u>
Equity			
Capital stock	1, 20	240,681,185	240,681,185
Capital surplus	20	1,389,860,531	1,262,958,484
Other capital	21	(4,734,457)	(163,442,079)
Accumulated other comprehensive income	22	1,156,213,157	1,001,906,308
Retained earnings	23	<u>5,026,816,192</u>	<u>5,035,989,172</u>
Equity attributable to owners of the Parent Company		<u>7,808,836,608</u>	<u>7,378,093,070</u>
Non-controlling interests	31	<u>143,772,594</u>	<u>164,323,361</u>
Total equity		<u>7,952,609,202</u>	<u>7,542,416,431</u>
Total liabilities and equity	₩	<u>10,874,967,552</u>	<u>10,555,670,889</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, 2014 and 2013
(Unaudited)

(In thousands of won, except per share information)

	<u>Note</u>	<u>June 30, 2014</u>		<u>June 30, 2013</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>
Revenue	5,30 ₩	1,048,642,381	2,184,326,536	1,306,853,447	2,515,045,728
Cost of sales	8, 18, 25, 30	(878,425,599)	(1,878,327,670)	(1,089,986,112)	(2,144,560,357)
Gross profit		170,216,782	305,998,866	216,867,335	370,485,371
Selling, general and administrative expense	18, 24, 25	(169,479,715)	(344,217,046)	(184,593,782)	(371,493,567)
Operating income (loss)	5	737,067	(38,218,180)	32,273,553	(1,008,196)
Other income	26, 30	30,364,395	58,019,505	10,916,225	56,880,906
Other expenses	26, 30	(18,095,341)	(23,081,774)	(16,818,006)	(20,337,868)
Finance income	27	41,061,411	65,889,893	67,315,638	116,593,711
Finance costs	27	(58,352,382)	(88,982,241)	(69,335,550)	(121,717,894)
Share of profit of equity accounted investees	11	44,683,772	122,583,100	148,030,322	250,961,164
Income before income tax		40,398,922	96,210,303	172,382,182	281,371,823
Income tax expense	28	(19,909,873)	(34,768,857)	(39,837,590)	(68,240,580)
Net income	₩	20,489,049	61,441,446	132,544,592	213,131,243
Other comprehensive income (loss)					
Items that will not be reclassified to profit or loss:					
Defined benefit plan actuarial losses		-	-	-	(5,949,326)
Items that may be reclassified subsequently to profit or loss:					
Gain (loss) on derivatives evaluation		216,740	(842,489)	(179,658)	(110,406)
Net change in fair value of available-for-sale financial assets		128,656,786	217,267,651	(315,693,629)	(361,939,645)
Change in unrealized holding gain on equity method investments		(16,806,423)	8,751,433	15,325,732	27,765,365
Change in gain (loss) on translation of foreign operations		(42,160,045)	(37,594,607)	39,245,716	79,456,053
Tax effect		(17,159,549)	(41,436,711)	74,986,480	82,331,799
Total other comprehensive income (loss)		52,747,509	146,145,277	(186,315,359)	(178,446,160)
Total comprehensive income (loss)	₩	73,236,558	207,586,723	(53,770,767)	34,685,083
Net income attributable to:					
Owners of the Company		19,103,361	58,236,652	129,152,388	206,805,674
Non-controlling interests	31	1,385,688	3,204,794	3,392,204	6,325,569
Total comprehensive income (loss) attributable to:					
Owners of the Company		79,158,722	212,543,501	(64,514,232)	13,736,270
Non-controlling interests		(5,922,164)	(4,956,778)	10,743,465	20,948,813
Earnings per share					
Basic earnings per share (won)	29	434	1,333	2,978	4,769
Diluted earnings per share (won)		434	1,333	2,978	4,769

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, 2014 and 2013

(Unaudited)

(In thousands of won)

		Capital stock	Capital surplus	Other capital	Accumulated other comprehensive income	Retained earnings	Non-controlling interests	Total equity
Balance at January 1, 2013	₩	240,681,185	1,258,440,118	(163,787,925)	1,051,350,256	4,986,541,200	191,256,768	7,564,481,602
Comprehensive income								
Net income		-	-	-	-	206,805,674	6,325,569	213,131,243
Defined benefit plan actuarial losses		-	-	-	-	(5,949,326)	-	(5,949,326)
Loss on valuation of derivatives		-	-	-	(110,406)	-	-	(110,406)
Change in fair value of available-for-sale financial assets		-	-	-	(273,796,710)	-	-	(273,796,710)
Change in equity of associates and joint ventures		-	-	-	21,046,147	-	-	21,046,147
Change in gain on translation of foreign operations		-	-	-	65,740,891	-	14,623,244	80,364,135
Total comprehensive income		-	-	-	(187,120,078)	200,856,348	20,948,813	34,685,083
Transactions with owners of the Company, recognized directly in equity								
Dividends to owners of the Company		-	-	-	-	(67,383,457)	(7,857,232)	(75,240,689)
Exercise of share options		-	104,858	375,508	-	-	-	480,366
Balance at June 30, 2013	₩	<u>240,681,185</u>	<u>1,258,544,976</u>	<u>(163,412,417)</u>	<u>864,230,178</u>	<u>5,120,014,091</u>	<u>204,348,349</u>	<u>7,524,406,362</u>
Balance at January 1, 2014	₩	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
Comprehensive income								
Net income		-	-	-	-	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 associates and joint ventures		-	-	-	8,060,153	-	-	8,060,153
Change in loss on translation of foreign operations		-	-	-	(17,934,641)	-	(8,176,009)	(26,110,650)
Total comprehensive income		-	-	-	154,306,849	58,236,652	(4,956,778)	207,586,723
Transactions with owners of the Company, recognized directly in equity								
Dividends to owners of the Company		-	-	-	-	(67,409,632)	(15,593,989)	(83,003,621)
Disposal of treasury shares (Note 20)		-	136,906,021	162,195,490	-	-	-	299,101,511
Exercise of share options, etc.		-	3,487,868	(3,487,868)	-	-	-	-
Other		-	(13,491,842)	-	-	-	-	(13,491,842)
Balance at June 30, 2014	₩	<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 Cash Flows

For the six-month periods ended June 30, 2014 and 2013

(Unaudited)

(In thousands of won)

	2014	2013
Cash flows from operating activities		
Net income	₩ 61,441,446	213,131,243
Adjustments for:		
Defined benefit liabilities	26,730,990	25,308,741
(Reversal of) loss on valuation of inventories	(8,469,595)	4,178,540
Depreciation	178,402,407	195,076,139
Amortization	22,218,662	18,133,482
(Reversal of) bad debt expense	(3,981,517)	10,918
(Reversal of) other bad debt expense	(319,134)	182,962
Commission fee	2,830,793	2,330,750
Share of profit of equity-accounted investees	(122,583,100)	(250,961,164)
Gain on disposal of available-for-sale financial assets	(30,858)	-
Foreign currency translation loss	9,473,877	29,488,569
Foreign currency translation gain	(8,031,179)	(26,047,745)
Loss on valuation of derivatives	1,185,647	-
Gain on valuation of derivatives	-	(2,326,905)
Loss on sale of property, plant and equipment	1,560,658	7,252,338
Gain on sale of property, plant and equipment	(1,609,441)	(1,017,632)
Impairment losses on property, plant and equipment	785,825	19,555
Reversal of impairment losses on property, plant and equipment	-	(520,760)
Loss on sale of intangible assets	126,398	266,287
Loss on sale of investments	-	2,304,799
Gain on sale of investments	(204,670)	-
Miscellaneous loss	159,206	122,590
Miscellaneous income	(31,566,620)	(15,120,000)
Income tax expense	34,768,857	68,240,580
Interest expense	15,762,455	16,007,216
Interest income	(6,660,495)	(9,504,329)
Dividends income	(11,381,936)	(19,163,051)
Changes in assets and liabilities:		
Trade receivables	(14,202,394)	(23,859,281)
Other receivables	49,684,134	75,498,184
Other current assets	1,914,512	(33,631,679)
Inventories	10,217,344	(14,385,720)
Non-current other receivables	(4,788,664)	1,500,346
Non-current other assets	-	43,845
Trade payables	(64,720,180)	(31,040,268)
Other payables	(79,760,892)	(87,550,686)
Advance received	(2,423,899)	(8,171,892)
Unearned revenue	-	(623,936)
Non-current other payables	(21,506,328)	12,230,438
Payment of retirement and employee benefits	(7,432,784)	(7,895,234)
Transfer in from related parties for employee benefits	1,373,979	2,429,892
Plan assets	5,321,146	5,000,694
Interest received	6,886,447	6,485,974
Interest paid	(15,882,969)	(17,485,736)
Dividends received	11,381,936	19,163,051
Income taxes paid	(26,163,244)	(21,902,990)
Net cash provided by (used in) operating activities	10,506,820	133,198,125

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

For the six-month periods ended June 30, 2014 and 2013

(Unaudited)

(In thousands of won)

	2014	2013
Cash flows from investing activities		
Sale of other investments	₩ 599,295	15,775,276
Proceeds from sale of property, plant and equipment	27,814,401	24,894,653
Proceeds from sale of investment property	256,450	-
Acquisition of other non-current assets	(11,215,250)	(9,430,072)
Acquisition of other investments	(9,768,430)	(8,506,893)
Acquisition of property, plant and equipment	(208,061,310)	(463,533,954)
Acquisition of intangible assets	(1,601,960)	(22,591)
Net cash used in investing activities	<u>(201,976,804)</u>	<u>(440,823,581)</u>
Cash flows from financing activities		
Proceeds from short-term borrowings	418,473,873	588,629,576
Proceeds from long-term borrowings	-	106,246,638
Proceeds from exercise of share options	-	513,843
Issuance of bonds	-	199,242,600
Proceeds from disposal of treasury shares	342,810,294	-
Repayment of short-term borrowings	(424,898,903)	(533,247,868)
Repayment of current portion of long-term borrowings	-	(65,000,000)
Dividends paid	(83,003,621)	(75,240,689)
Net cash provided by financing activities	<u>253,381,643</u>	<u>221,144,100</u>
Net increase (decrease) in cash and cash equivalents	61,911,659	(86,481,356)
Cash and cash equivalents at January 1	730,176,084	946,516,332
Effect of exchange rate fluctuations on cash held	3,901,069	47,596,307
Cash and cash equivalents at June 30	<u>₩ 795,988,812</u>	<u>907,631,283</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, 2014
(Unaudited)

1. Reporting Entity

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

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

Under its Articles of Incorporation, the Parent Company is authorized to issue 100,000 thousand shares of capital stock with a par value of ₩5,000 per share. As of June 30, 2014, 47,176,237 shares of capital stock (including 1,617,896 preferred shares) have been issued and are outstanding, and the Parent Company's paid-in-capital amounts to ₩240,681 million. The major stockholder of the Parent Company is Samsung Electronics Co., Ltd. (ownership: 24.29%). The Parent Company is allowed to retire its stock through a board resolution within the amount that would be paid as dividends to stockholders. Pursuant to the resolution made by the board of directors on October 18, 2004, the Parent Company retired 930,000 common shares and 30,000 preferred shares, which were acquired at ₩99,333 million on December 8, 2004 through appropriation of retained earnings. Due to the share retirement, the par value of the outstanding shares in the amount of ₩235,881 million (₩227,792 million for common stock and ₩8,089 million for preferred stock, excluding the retired shares) is different from the paid-in capital.

Under its Articles of Incorporation, the Parent Company is authorized to issue 30,000 thousand non-voting preferred shares. Holders of preferred shares issued before February 28, 1997 are entitled to receiving additional dividends of 1% of its par value per annum. As of June 30, 2014, 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, 2014
(Unaudited)

1. Reporting Entity, Continued

(1) The list of subsidiaries as of June 30, 2014 and December 31, 2013 is as follows:

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

Subsidiaries	Location	Primary business	Percentage of ownership (**)		
			Capital stock as of June 30, 2014	2014	2013
Samsung SDI America, Inc. ("SDIA")	U.S.A.	Manufacturing and sale of PDP, sale of rechargeable battery	₩ 28,626,950	91.7%	91.7%
Samsung SDI Germany GmbH ("SDIG") (*) (**)	Germany	Supporting sales in Europe region	-	-	100%
Samsung SDI Hungary Rt. ("SDIHU")	Hungary	Manufacturing and sale of PDP	4,860,887	100%	100%
Samsung SDI Europe GmbH ("SDIEU") (*)	Germany	Sale of rechargeable battery, etc.	1,558,180	100%	100%
Samsung SDI (Malaysia) Sdn, Bhd. ("SDI(M)")	Malaysia	Manufacturing and sale of CPT	43,581,363	68.6%	68.6%
Samsung SDI Vietnam Co., Ltd. ("SDIV") (*)	Vietnam	Manufacturing and sale of rechargeable battery	62,336,000	100%	100%
Samsung SDI Energy Malaysia Sdn, Bhd. ("SDIEM")	Malaysia	Manufacturing and sale of rechargeable battery	121,321,000	100%	100%
Samsung SDI (Hong Kong) Ltd. ("SDIHK")	Hong Kong	Sale of rechargeable battery, PDP	261,864,048	97.6%	97.6%
Samsung SDI Japan Co., Ltd. ("SDIJ") (*)	Japan	Purchase and sale of PDP, 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 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	27,000,000	99.0%	99.0%
Subsidiary of SDIA					
Samsung SDI Mexico, S.A. de C.V. ("SDIM")	Mexico	Manufacturing of PDP	2,854,723	91.7%	91.7%
Subsidiaries of SDIHK					
Shenzhen Samsung SDI Co., Ltd. ("SSDI") (*)	China	Manufacturing and sale of CRT, PDP	95,764,575	78.0%	78.0%
Tianjin Samsung SDI Co., Ltd. ("TSDI") (*)	China	Manufacturing and sale of rechargeable battery	113,123,338	78.0%	78.0%
Shanghai Samsung SVA Electronic Devices Co., Ltd. ("SSED") (*)	China	Manufacturing and sale of rechargeable battery, sale of VFD	47,671,714	58.9%	58.9%

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

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

(***) SDIG has completed the process of liquidation during the six-month period ended June 30, 2014, as a result the Parent Company excluded SDIG from its subsidiary as of June 30, 2014.

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

June 30, 2014
(Unaudited)

1. Reporting Entity, Continued

(2) Condensed statement of financial position as of June 30, 2014 and condensed statement of comprehensive income (loss) for six-month period ended June 30, 2014 of subsidiaries are as follows:

(In thousands of won)

Subsidiaries	Assets	Liabilities	Equity	Revenue	Net income (loss)	Total comprehensive income (loss)
Samsung SDI America, Inc. ("SDIA")	₩ 110,511,027	59,241,493	51,269,534	168,338,884	7,438,285	(33,153,229)
Samsung SDI Hungary Rt. ("SDIHU")	16,936,570	92,415	16,844,155	2,998,684	1,121,571	(352,416)
Samsung SDI Europe GmbH ("SDIEU")	8,425,763	4,371,464	4,054,299	6,241,869	678,425	477,149
Samsung SDI (Malaysia) Sdn. Bhd. ("SDI(M)")	79,053,134	29,629,081	49,424,053	-	(6,086,410)	(7,063,456)
Samsung SDI Vietnam Co., Ltd. ("SDIV")	230,740,834	154,127,136	76,613,698	327,693,834	10,949,395	7,078,923
Samsung SDI Energy Malaysia Sdn. Bhd. ("SDIEM")	541,637,300	383,225,852	158,411,448	267,496,695	32,711,541	29,409,472
Samsung SDI (Hong Kong) Ltd. ("SDIHK")	386,927,987	107,475,816	279,452,171	397,270,206	47,475,175	36,008,476
Samsung SDI Japan Co., Ltd. ("SDIJ")	8,245,882	4,967,940	3,277,942	12,935,605	56,716	57,359
Samsung SDI China Co., Ltd. ("SDIC")	3,754,879	737,765	3,017,114	4,315,467	386,062	196,136
Samsung SDI Brazil Ltda. ("SDIB")	33,293,816	3,429,181	29,864,635	-	2,667,158	4,149,612
SVIC 15 Fund ("SVIC 15")	25,214,593	95,875	25,118,718	-	(49,411)	1,394,323
Samsung SDI Mexico, S.A. de C.V. ("SDIM")	24,162,414	2,102,659	22,059,755	8,840,001	2,911,980	17,899
Shenzhen Samsung SDI Co., Ltd. ("SSDI")	231,519,271	89,290,691	142,228,580	270,453,405	11,920,117	2,983,815
Tianjin Samsung SDI Co., Ltd. ("TSDI")	506,328,853	200,489,411	305,839,442	563,157,478	29,955,775	10,284,151
Shanghai Samsung SVA Electronic Devices Co., Ltd. ("SSED")	58,881,585	10,752,950	48,128,635	98,249,384	(4,007,953)	(7,568,289)

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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, 2013. 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, 2013.

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, 2013. The following changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as of and for the year ending December 31, 2014.

The Group has applied the following amendments to standards and interpretation, with a date of initial application of January 1, 2014.

(1) Offsetting financial assets and financial liabilities

The Group has adopted amendments to K-IFRS 1032, 'Offsetting Financial Assets and Financial Liabilities' since January 1, 2014. The amendments require that a financial assets and a financial liabilities are offset and the net amount is presented in the statement of financial position when an entity currently has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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3. Significant Accounting Policies, Continued

According to the amendments, the right to set off should not be contingent on a future event, and legally enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy of the entity and all of the counterparties.

The Group intends to settle on a net basis if the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk, and that will process receivables and payables in a single settlement process or cycle.

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

(2) Recoverable amount disclosures for non-financial assets

The Group has adopted amendments to K-IFRS 1036 'Impairment of Assets'. The amendments clarified that the Group should disclose the recoverable amounts of the asset or cash-generating unit, only when an impairment loss has been recognized or reversed for the asset or cash-generating unit during the period.

The Group retrospectively applied the amendments in accordance with the transitional requirements of K-IFRS 1036.

(3) Levies

The Group has adopted K-IFRS No.2121, 'Levies' since January 1, 2014. The interpretation confirms that an entity recognizes a liability for a levy when the triggering event specified in the legislation occurs. An entity does not recognize a liability at an earlier date, even if it has no realistic opportunity to avoid the triggering event. If a levy is only payable once a specified amount has been reached, then no liability is recognized until this 'minimum threshold' is reached. The same recognition principles apply in the interim financial statements as in the annual financial statements, even if this results in uneven charges over the course of the year.

The interpretation does not provide guidance on the accounting for the costs arising from recognizing the liability to pay a levy. Other K-IFRSs should be applied to determine whether the recognition of a liability to pay a levy gives rise to an asset or an expense.

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

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4. Financial Risk Management

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

(1) Credit risk

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

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

1) Exposure to credit risk

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

<i>(In thousands of won)</i>	June 30, 2014	December 31, 2013
Cash and cash equivalents	₩ 795,988,812	730,176,084
Trade and other receivables	651,470,070	696,735,230
Held-to-maturity financial assets	54,165	42,625
Available-for-sale financial assets	1,833,796,054	1,608,881,219
Non-derivative financial instruments	28,694,804	28,302,973
Guarantee deposits	95,449,844	96,114,138
Derivative financial assets	3,795,420	5,372,515
Total	₩ <u>3,409,249,169</u>	<u>3,165,624,784</u>

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

<i>(In thousands of won)</i>	June 30, 2014	December 31, 2013
Domestic	₩ 69,981,490	67,112,430
North America	16,406,275	15,936,380
Euro zone	221,376	130,457
China	185,311,334	258,398,666
Other	379,549,595	355,157,297
Total	₩ <u>651,470,070</u>	<u>696,735,230</u>

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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, 2014 and December 31, 2013 are as follows:

(In thousands of won)

		2014		2013	
		Gross	Impairment	Gross	Impairment
Not past due	₩	642,515,484	-	665,767,240	-
Past due 1-30 days		7,160,930	-	24,921,506	-
Past due 31-60 days		196,646	-	1,759,350	-
Past due 61-365 days		547,010	-	4,287,134	-
Past 365 days over		1,050,000	-	-	-
Total	₩	651,470,070	-	696,735,230	-

3) Past due, but not impaired financial assets

Past due, but not impaired trade and other receivables as of June 30, 2014 and December 31, 2013 are summarized as follows:

(In thousands of won)

		2014			2013		
		Carrying amount	6 months or less	More than 6 months	Carrying amount	6 months or less	More than 6 months
Trade and other receivables	₩	8,954,586	7,640,639	1,313,947	30,967,990	29,899,758	1,068,232

(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.

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4. Financial Risk Management, Continued

(2) Liquidity risk, Continued

Maturity analysis of financial liabilities as of June 30, 2014 is as follows:

(In thousands of won)

		Carrying amount	Contractual Cash flow	1 year or less	More than 1 year and less than 5 years
Short-term borrowings	₩	398,061,202	398,088,291	398,088,291	-
Long-term borrowings		766,068,968	803,925,302	24,877,517	779,047,785
Total	₩	<u>1,164,130,170</u>	<u>1,202,013,593</u>	<u>422,965,808</u>	<u>779,047,785</u>

(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, 2014 and December 31, 2013 are as follows:

(In thousands of won)

		2014			2013		
		USD	EUR	JPY, etc.	USD	EUR	JPY, etc.
Monetary assets:							
Cash and cash equivalents	₩	142,483,763	-	274,620	115,392,899	-	659,286
Trade and other receivables		912,483,743	7,083,706	16,156,752	995,183,709	13,387,286	7,720,442
Other investments		202,706	3,135	285	210,879	3,298	-
Total	₩	<u>1,055,170,212</u>	<u>7,086,841</u>	<u>16,431,657</u>	<u>1,110,787,487</u>	<u>13,390,584</u>	<u>8,379,728</u>
Monetary liabilities:							
Trade and other payables	₩	631,335,369	7,093,908	7,045,869	705,632,983	7,969,893	9,520,903
Borrowings		555,672,978	1,077,830	8,169,120	489,083,840	-	-
Total	₩	<u>1,187,008,347</u>	<u>8,171,738</u>	<u>15,214,989</u>	<u>1,194,716,823</u>	<u>7,969,893</u>	<u>9,520,903</u>

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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, 2014 and 2013:

Currency	Average rate		Reporting date spot rate	
	Six-month period ended June 30, 2014	Six-month period ended June 30, 2013	June 30, 2014	December 31, 2013
USD	1,049.3	1,103.7	1,014.4	1,055.3
EUR	1,438.1	1,449.2	1,384.2	1,456.3
JPY	10.24	11.56	10.00	10.05

Effects on net income (loss) as a result of change in interest rate as of June 30, 2014 and December 31, 2013 are as follows:

(In thousands of won)

Currency	2014		2013	
	If increased by 5%	If decreased by 5%	If increased by 5%	If decreased by 5%
USD	₩ (4,996,665)	4,996,665	(3,180,922)	3,180,922
EUR	(41,118)	41,118	205,444	(205,444)
JPY, etc.	46,112	(46,112)	(43,251)	43,251

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 is as follows:

(In thousands of won)

	June 30, 2014	December 31, 2013
Fixed interest rate:		
Long-term borrowings	693,941,242	695,081,003
Floating interest rate:		
Short-term borrowings	398,061,202	415,213,243
Long-term borrowings	72,127,726	73,870,597
Subtotal	₩ 470,188,928	489,083,840
Total	₩ 1,164,130,170	1,184,164,843

(ii) Fair value sensitivity analysis for fixed rate instruments

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

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4. Financial Risk Management, Continued

(3) Market risk, Continued

2) Interest rate risk, Continued

(iii) Cash flow sensitivity analysis for variable rate instruments

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

(In thousands of won)

		June 30, 2014			
Item		Equity		Net income	
		If increased by 1%	If decreased by 1%	If increased by 1%	If decreased by 1%
Variable rate instruments	₩	(3,564,032)	3,564,032	(3,564,032)	3,564,032

(In thousands of won)

		December 31, 2013			
Item		Equity		Net income	
		If increased by 1%	If decreased by 1%	If increased by 1%	If decreased by 1%
Variable rate instruments	₩	(3,707,256)	3,707,256	(3,707,256)	3,707,256

3) Other market price risk

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

The effect on other comprehensive income (gains/losses on valuation of available-for-sale financial assets), when the price of listed equity financial assets, among the available-for-sale financial assets that the Group possesses at June 30, 2014, from a change in fair value of these financial assets of five percent is as follows:

(In thousands of won)

Item		If increased by 5%	If decreased by 5%
Total comprehensive income, net of tax effect	₩	50,934,942	(50,934,942)

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4. Financial Risk Management, Continued

(4) Capital management

The Group's capital management is to maintain a sound capital structure and to maximize 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 ratio is calculated as total liabilities divided by total equity and net borrowings ratio is calculated as net borrowings divided by total equity.

(In thousands of won)

	June 30, 2014	December 31, 2013
Debt to equity ratio:		
Total liabilities	₩ 2,922,358,350	3,013,254,458
Total equity	<u>7,952,609,202</u>	<u>7,542,416,431</u>
Debt to equity ratio	<u>36.7%</u>	<u>40.0%</u>
Net borrowings to equity ratio:		
Borrowings	₩ 1,164,130,170	1,184,164,843
Less : Cash and cash equivalents	(795,988,812)	(730,176,084)
Less : Short-term financial instruments	<u>(25,000,000)</u>	<u>(25,026,984)</u>
Net borrowings	<u>343,141,358</u>	<u>428,961,775</u>
Net borrowings ratio	<u>4.3%</u>	<u>5.7%</u>

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4. Financial Risk Management, Continued

(5) Fair values

1) Fair value versus carrying amounts

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

(In thousands of won)

Item	June 30, 2014		December 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Assets carried at fair value				
Available-for-sale financial assets	₩ 1,833,796,054	1,833,796,054	1,608,881,219	1,608,881,219
Derivatives	3,795,420	3,795,420	5,372,515	5,372,515
Subtotal	₩ 1,837,591,474	1,837,591,474	1,614,253,734	1,614,253,734
Assets carried at amortized cost				
Cash and cash equivalents	795,988,812	795,988,812	730,176,084	730,176,084
Trade receivables and other receivables	650,177,730	650,177,730	691,122,879	691,122,879
Held-to-maturity investments	54,165	54,165	42,625	42,625
Financial instruments	28,694,804	28,694,804	28,302,973	28,302,973
Guarantee deposits	95,449,844	95,449,844	96,114,138	96,114,138
Subtotal	₩ 1,570,365,355	1,570,365,355	1,545,758,699	1,545,758,699
Total financial assets	₩ 3,407,956,829	3,407,956,829	3,160,012,433	3,160,012,433
Financial liabilities:				
Liabilities carried at amortized cost				
Borrowings	₩ 1,164,130,170	1,168,406,895	1,184,164,843	1,192,667,454
Trade payables and other payables	752,312,702	752,312,702	826,017,075	826,017,075
Total financial liabilities	₩ 1,916,442,872	1,920,719,597	2,010,181,918	2,018,684,529

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, 2014	December 31, 2013
Borrowings	2.95%	3.30%

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4. Financial Risk Management, Continued

(5) Fair values, Continued

3) Fair value hierarchy

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

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

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

The fair values of financial instruments based on the fair value hierarchy as of June 30, 2014 and December 31, 2013 are summarized as follows:

<i>(In thousands of won)</i>	Level 1	Level 2	Level 3	Total
June 30, 2014:				
Financial assets				
Available-for-sale financial assets	₩ 1,342,939,707	-	469,399,820	1,812,339,527
Derivative financial assets	-	3,795,420	-	3,795,420
December 31, 2013:				
Financial assets				
Available-for-sale financial assets	₩ 1,157,928,523	-	435,126,798	1,593,055,321
Derivative financial assets	-	5,372,516	-	5,372,516

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4. Financial Risk Management, Continued

(6) Transfer of financial assets

There has been no disposal of total transferred financial assets as of June 30, 2014 and December 31, 2013, and the details are summarized as follows:

(In thousands of won)

Item	Foreign currency trade receivable	
	2014	2013
Carrying amount of assets	₩ 393,093,113	387,274,836
Carrying amount of associated liabilities	393,093,113	387,274,836

5. Segments Information

(1) Operating segments

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

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

2) The operating segment of the consolidated group is decided by the management, which establishes the strategic decision making. The 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 two 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, 2014 and 2013.

(In thousands of won)

	Energy		Display and other		Total	
	2014	2013	2014	2013	2014	2013
External revenue	₩ 1,670,223,102	1,680,492,687	514,103,434	834,553,041	2,184,326,536	2,515,045,728
Depreciation	159,849,553	144,715,460	18,552,854	50,360,679	178,402,407	195,076,139
Amortization	14,818,722	14,501,082	7,399,940	3,632,400	22,218,662	18,133,482
Operating income (loss)	(12,385,755)	6,267,678	(25,832,425)	(7,275,874)	(38,218,180)	(1,008,196)

Total assets and liabilities for each operating segment have not been shown as these figures have not been regularly reported to the chief operating decision maker.

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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, 2014 and 2013.

(In thousands of won)

	2014		2013	
	Revenue	Non-current assets (*)	Revenue	Non-current assets (*)
Republic of Korea	₩ 864,253,567	1,270,734,206	1,059,912,436	1,576,992,180
North America	224,798,038	21,858,731	365,481,048	26,884,841
Europe and South America	470,145,512	8,765,336	464,806,011	28,156,521
China	755,391,873	280,598,117	906,405,060	365,511,230
Southeast Asia	1,516,431,160	412,365,214	1,215,179,256	415,028,913
Consolidation adjustments	(1,646,693,614)	(63,151,228)	(1,496,738,083)	(39,133,765)
Total	₩ <u>2,184,326,536</u>	<u>1,931,170,376</u>	<u>2,515,045,728</u>	<u>2,373,439,920</u>

(*) Non-current assets include amounts of property, plant and equipment, intangible assets and investment property and represent book value as of June 30, 2014 and December 31, 2013.

6. Cash and Cash Equivalents

Cash and cash equivalents as of June 30, 2014 and December 31, 2013 are summarized as follows:

(In thousands of won)

	2014	2013
Cash on hand	₩ 1,118,987	615,966
Demand deposits	502,753,596	552,458,841
Short-term investments	292,116,229	177,101,277
Total	₩ <u>795,988,812</u>	<u>730,176,084</u>

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7. Trade and Other Receivables

(1) Trade and other receivables as of June 30, 2014 and December 31, 2013 are summarized as follows:

(In thousands of won)

	2014		2013	
	Current	Non-current	Current	Non-current
Loans	₩ 348,663	5,294,880	351,081	4,710,265
Present value discount	-	(681,986)	-	(633,723)
Other account receivable	45,046,511	-	50,402,658	-
Allowance	(5,012)	-	(324,218)	-
Accrued income	2,756,142	-	2,982,094	-
VAT receivables	9,542,254	-	27,211,100	-
Trade account receivable	586,078,497	2,403,123	608,674,909	2,403,123
Allowance	(214,793)	(390,549)	(4,263,861)	(390,549)
Total	₩ 643,552,262	6,625,468	685,033,763	6,089,116

(2) Changes in allowance for trade and other receivables for the six-month period ended June 30, 2014 and the year ended December 31, 2013 were summarized as follows:

(In thousands of won)

	2014		2013	
	Current	Non-current	Current	Non-current
Beginning balance	₩ 4,588,079	390,549	5,402,050	468,659
(Reversal of) Bad debt expense	(4,368,274)	-	(813,971)	(78,110)
Balance at ending	₩ 219,805	390,549	4,588,079	390,549

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8. Inventories

(1) Inventories as of June 30, 2014 and December 31, 2013 are summarized as follows:

(In thousands of won)

		2014		
		Acquisition cost	Allowance for valuation	Carrying amount
Finished goods	₩	221,590,352	(32,157,755)	189,432,597
Semi-finished goods		157,483,923	(8,210,293)	149,273,630
Raw materials		129,242,555	(3,115,795)	126,126,760
Supplies		7,075,714	-	7,075,714
Materials-in-transit		59,945,944	-	59,945,944
Total	₩	575,338,488	(43,483,843)	531,854,645

(In thousands of won)

		2013		
		Acquisition cost	Allowance for valuation	Carrying amount
Finished goods	₩	261,478,416	(38,121,360)	223,357,056
Semi-finished goods		120,818,670	(8,453,466)	112,365,204
Raw materials		131,175,446	(5,378,612)	125,796,834
Supplies		7,159,616	-	7,159,616
Materials-in-transit		57,096,369	-	57,096,369
Total	₩	577,728,517	(51,953,438)	525,775,079

(2) The amounts of inventories recognized as cost of goods sold and loss on valuation of inventories reflected to cost of goods sold for the six-month periods ended June 30, 2014 and 2013 were as follows:

(In thousands of won)

		2014	2013
Inventories recognized as cost of goods sold	₩	1,886,797,265	2,140,381,817
(Reversal of) loss on valuation of inventories		(8,469,595)	4,178,540
Total	₩	1,878,327,670	2,144,560,357

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9. Other Investments

(1) Other investments as of June 30, 2014 and December 31, 2013 are summarized as follows:

(In thousands of won)

		2014		2013	
		Current	Non-current	Current	Non-current
Held to maturity investments	₩	-	54,165	-	42,625
Available-for-sale financial assets		-	1,833,796,054	-	1,608,881,219
Financial instruments		25,000,000	3,694,804	25,026,984	3,275,989
Guarantee deposits		39,240,538	56,209,306	41,089,212	55,024,926
Derivatives		3,795,420	-	5,372,515	-
Total	₩	<u>68,035,958</u>	<u>1,893,754,329</u>	<u>71,488,711</u>	<u>1,667,224,759</u>

(2) Available-for-sale financial assets as of June 30, 2014 and December 31, 2013 are summarized as follows:

(In thousands of won)

		Acquisition cost	Unrealized gain (loss)			
			Beginning balance	Changes in unrealized gain or loss	Ending balance	Carrying amount
June 30, 2014						
Listed equity securities	₩	366,228,210	791,435,823	185,275,674	976,711,497	1,342,939,707
Unlisted equity securities		<u>89,622,105</u>	<u>369,242,265</u>	<u>31,991,977</u>	<u>401,234,242</u>	<u>490,856,347</u>
Total	₩	<u>455,850,315</u>	<u>1,160,678,088</u>	<u>217,267,651</u>	<u>1,377,945,739</u>	<u>1,833,796,054</u>
Tax effect	₩		(281,098,789)	(52,229,388)	(333,328,177)	
December 31, 2013						
Listed equity securities	₩	366,482,700	1,151,939,524	(360,503,701)	791,435,823	1,157,918,523
Unlisted equity securities		<u>81,720,431</u>	<u>351,814,419</u>	<u>17,427,846</u>	<u>369,242,265</u>	<u>450,962,696</u>
Total	₩	<u>448,203,131</u>	<u>1,503,753,943</u>	<u>(343,075,855)</u>	<u>1,160,678,088</u>	<u>1,608,881,219</u>
Tax effect	₩		(364,342,383)	83,243,594	(281,098,789)	

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

- 1) The fair value of Samsung Everland Inc. is estimated using continuous probability distribution of value per share in accordance with estimated price per share calculated by the net value method, applying value of assets and the discounted cash flow method applying weighted average cost of capital based on the estimated cash flow. The acquisition cost and the carrying value of the unlisted security are ₩10,000 million and ₩222,213 million, respectively, as of June 30, 2014.
- 2) The fair value of Samsung Total Petrochemicals Co., Ltd. is measured based on estimated price per share using the net value method. The acquisition cost and the carrying value of the unlisted security are ₩50,985 million and ₩238,999 million, respectively, as of June 30, 2014.

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9. Other Investments, Continued

(2) Available-for-sale financial assets as of June 30, 2014 and December 31, 2013 are summarized as follows, Continued:

3) The fair value Samsung Venture Investment Corporation is estimated using probability distribution of value per share in accordance with estimated price per share calculated by the free cash flows to equity method. The acquisition cost and the carrying value of the unlisted security are ₩4,900 million and ₩6,075 million, respectively, as of June 30, 2014.

4) The fair value of The Korea Economic Daily is estimated using continuous probability distribution of value per share in accordance with estimated price per share calculated by the net value method, applying value of assets and the discounted cash flow method applying weighted average cost of capital based on the estimated cash flow. The acquisition cost and the carrying value of the unlisted security are ₩2,281 million and ₩2,112 million, respectively, as of June 30, 2014.

Other unlisted equity securities such as LOGIPA Co., Ltd., Korea Housing Guarantee Co., Ltd., Imarket Asia Co., Ltd., Polyplus Battery Company, Intellectual Discovery Co., Ltd., STM Co., Ltd., POSCO Social Enterprise Fund, EN Technologies Inc., Hunan Reshine New Material Co., Ltd. And Pangaea Ventures Fund III and debt security of Younicos AG and XG Sciences are valued as acquisition costs net of impairment loss as they are nonmarketable and fair value cannot be reliably estimated. The acquisition cost and the carrying value of those securities are ₩21,457 million.

10. Other Current Assets and Non-current Assets

Other current assets and non-current assets as of June 30, 2014 and December 31, 2013 are summarized as follows:

(In thousands of won)

	2014		2013	
	Current	Non-current	Current	Non-current
Advance payments	₩ 21,876,285	-	19,448,931	-
Prepaid expenses	25,123,559	55,406,528	27,113,462	54,834,609
Prepaid corporate income tax	603,322	19,011,518	4,155,541	18,162,941
Total	₩ <u>47,603,166</u>	<u>74,418,046</u>	<u>50,717,934</u>	<u>72,997,550</u>

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11. Equity-accounted Investees

(1) The equity-accounted investees of the Group as of June 30, 2014 and December 31, 2013 are as follows:

(In thousands of won)

Company	Place of business	Major operation	2014		2013	
			Percentage of ownership	Carrying amount	Percentage of ownership	Carrying amount
Samsung Display Ltd. ("SDC") (*)	Korea	Manufacturing and sale of LCD, AMOLED, etc.	15.2%	₩ 4,770,113,020	15.2%	₩ 4,632,864,753
SSH Ltd. ("SSH")	Hong Kong	Holding company	40.0%	230,568	40.0%	251,439
Samsung B.P. Chemicals Co., Ltd. ("SBPC")	Korea	Manufacturing and sale of acetic acid	29.2%	48,072,222	29.2%	45,140,010
Samsung Economic Research Institute Ltd. ("SERI")	Korea	Management advisory consulting	28.6%	16,719,749	28.6%	24,862,759
Intellectual Keystone Technology ("IKT") (*)	U.S.A	Investing in new technology	17.0%	<u>2,964,562</u>	17.0%	<u>3,646,627</u>
				<u>₩ 4,838,100,121</u>		<u>₩ 4,706,765,588</u>

(*) While the Group owns less than 20% of Samsung Display's common shares, the Group classified Samsung Display as an associate because the Group has voting rights through representation in the board of directors.

(2) The summarized financial information of associates as of and for the six-month period ended June 30, 2014 and as of and for the year ended December 31, 2013 are summarized as follows:

(In thousands of won)

	2014				
	SDC	SSH	SBPC	SERI	IKT
Current assets	₩ 14,078,002,218	576,421	138,307,547	22,604,453	1,955,731
Non-current assets	24,741,519,132	-	182,729,587	64,425,434	43,957,333
Current liabilities	6,015,667,254	-	110,745,282	12,358,968	28,474,463
Non-current liabilities	1,062,729,700	-	45,703,228	16,210,258	-
Revenue	12,364,471,990	-	204,677,502	54,237,270	-
Operating Income(loss)	74,492,402	(24,251)	14,473,143	(27,676,043)	(3,170,305)
Net Income (loss)	810,445,570	(29,014)	10,374,172	(27,535,670)	(3,290,236)
Other comprehensive income	32,932,014	-	-	-	-
Total comprehensive income (loss)	843,377,584	(29,014)	10,374,172	(27,535,670)	(3,290,236)
Dividends	-	-	-	-	-

SAMSUNG SDI CO., LTD. AND SUBSIDIARIES
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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, 2014 and as of and for the year ended December 31, 2013 are summarized as follows, Continued:

(In thousands of won)

	2013				
	SDC	SSH	SBPC	SERI	IKT
Current assets	₩ 14,473,615,222	636,927	126,614,137	64,587,347	548,745
Non-current assets	23,454,045,798	-	181,577,160	62,806,077	48,367,917
Current liabilities	6,115,202,850	8,329	106,877,505	22,355,836	27,465,917
Non-current liabilities	914,398,882	-	46,764,411	18,104,862	-
Revenue	29,478,707,382	-	333,695,222	166,090,511	-
Operating Income(loss)	2,825,720,937	(13,887)	1,104,625	(4,236,625)	(4,906,427)
Net Income (loss)	2,669,623,297	(7,712)	819,160	5,950,648	(5,117,205)
Other comprehensive income	(26,416,021)	-	-	-	-
Total comprehensive income (loss)	2,643,207,276	(7,712)	819,160	5,950,648	(5,117,205)
Dividends	-	-	2,716,296	-	-

(3) The comparison between carrying amount of the investments and the investees' net assets based on the Group's percentage of ownership as of June 30, 2014 and December 31, 2013, are as follows:

(In thousands of won)

	2014				
	SDC	SSH	SBPC	SERI	IKT
Net assets(a) (*)	₩ 31,335,723,917	576,421	164,588,624	58,460,661	17,438,601
Percentage of ownership(b)	15.2%	40.0%	29.2%	28.6%	17.0%
Equity to net assets(axb)	4,770,113,020	230,568	48,072,222	16,719,749	2,964,562
Carrying amounts	4,770,113,020	230,568	48,072,222	16,719,749	2,964,562

(*) Net assets are equal of net asset of associates, excluding non-controlling interests.

(In thousands of won)

	2013				
	SDC	SSH	SBPC	SERI	IKT
Net assets(a) (*)	₩ 30,434,115,552	628,598	154,549,381	86,932,726	21,450,745
Percentage of ownership(b)	15.2%	40.0%	29.2%	28.6%	17.0%
Equity to net assets(axb)	4,632,864,753	251,439	45,140,010	24,862,759	3,646,627
Carrying amounts	4,632,864,753	251,439	45,140,010	24,862,759	3,646,627

(*) Net assets are equal of net asset of associates, excluding non-controlling interests.

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11. Equity-accounted Investees, Continued

(4) Changes in investments in associates for the six-month period ended June 30, 2014 and the year ended December 31, 2013 were as follows:

(In thousands of won)

2014						
Company	January 1, 2014	Acquisition	Dividends received	Share of Profits and loss	Other capital movements	June 30, 2014
SDC	₩ 4,632,864,753	-	-	128,322,246	8,926,021	4,770,113,020
SSH	251,439	-	-	(11,606)	(9,265)	230,568
SBPC	45,140,010	-	-	2,974,810	(42,598)	48,072,222
SERI	24,862,759	-	-	(8,143,010)	-	16,719,749
IKT	3,646,627	-	-	(559,340)	(122,725)	2,964,562
Total	₩ 4,706,765,588	-	-	122,583,100	8,751,433	4,838,100,121

(In thousands of won)

2013						
Company	January 1, 2013	Acquisition	Dividends received	Share of Profits and loss	Other capital movements	December 31, 2013
SDC	₩ 3,933,617,302	-	-	404,591,075	294,656,376	4,632,864,753
SSH	258,320	-	-	(3,085)	(3,796)	251,439
SBPC	48,011,618	-	(2,716,296)	391,165	(546,477)	45,140,010
SERI	23,079,040	-	-	1,561,279	222,440	24,862,759
IKT	-	4,393,346	-	(541,946)	(204,773)	3,646,627
Total	₩ 4,004,966,280	4,393,346	(2,716,296)	405,998,488	294,123,770	4,706,765,588

(5) None of the associates is listed company as of June 30, 2014.

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

(7) There is no contingent liability occurred related to interests in associates.

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12. Property, Plant and Equipment

(1) Changes in property, plant and equipment for the six-month period ended June 30, 2014 and the year ended December 31, 2013 were as follows:

(In thousands of won)

		Land	Buildings	Structures	Machinery	Vehicles	Tools, furniture and fixtures	Construction in progress	Total
Acquisition cost									
Jan.1, 2013	₩	129,725,486	1,450,640,824	504,586,163	2,988,448,295	14,239,086	348,423,386	341,089,482	5,777,152,722
Acquisitions		8,629,878	15,941,230	6,729,214	15,261,093	653,706	30,002,130	604,303,319	681,520,570
Disposals		(7,734,371)	(47,000,565)	(89,600,076)	(389,644,795)	(2,748,338)	(56,533,907)	(1,084,401)	(594,346,453)
Other		(3,853,361)	166,914,071	(25,903,117)	426,948,151	1,226,657	41,630,152	(841,705,376)	(234,742,823)
Exchange rate fluctuations		(701,099)	(6,783,440)	863,810	(10,319,165)	5,700	(1,262,169)	(1,292,750)	(19,489,113)
Dec.31, 2013	₩	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
Acquisitions		-	183,938	1,278,424	11,223,037	320,803	13,830,873	184,877,433	211,714,508
Disposals		-	(6,559,888)	(9,403,502)	(124,425,253)	(1,251,918)	(15,721,535)	-	(157,362,096)
Other		-	23,338,876	7,044,176	84,974,438	208,011	13,472,661	(169,079,552)	(40,041,390)
Exchange rate fluctuations		(353,085)	(16,401,602)	(6,251,031)	(30,285,586)	(169,130)	(3,362,812)	(1,728,797)	(58,552,043)
Jun.30, 2014	₩	125,713,448	1,580,273,444	389,344,061	2,972,180,215	12,484,577	370,478,779	115,379,358	5,565,853,882
Accumulated depreciation									
Jan.1, 2013	₩	-	682,243,519	274,027,827	2,326,813,977	11,220,805	271,100,446	-	3,565,406,574
Disposals		-	(22,563,156)	(61,952,756)	(317,813,146)	(2,525,977)	(47,883,952)	-	(452,738,987)
Depreciation		-	71,377,099	21,115,833	241,254,309	1,310,742	56,524,548	-	391,582,531
Other		-	4,091,336	(29,539,676)	(54,123,289)	(144,424)	(9,238,739)	-	(88,954,792)
Exchange rate fluctuations		-	269,760	1,532,681	2,370,621	16,597	(591,766)	-	3,597,893
Dec.31, 2013	₩	-	735,418,558	205,183,909	2,198,502,472	9,877,743	269,910,537	-	3,418,893,219
Disposals		-	(4,100,421)	(6,867,498)	(101,870,274)	(1,017,167)	(11,009,904)	-	(124,865,264)
Depreciation		-	23,898,520	8,582,039	117,833,069	696,058	27,666,097	-	178,675,783
Other		-	(141,969)	(175,195)	12,970,519	(9,865)	(375,293)	-	12,268,197
Exchange rate fluctuations		-	(6,922,772)	(3,552,292)	(18,747,905)	(101,009)	(1,697,504)	-	(31,021,482)
Jun.30, 2014	₩	-	748,151,916	203,170,963	2,208,687,881	9,445,760	284,493,933	-	3,453,950,453

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12. Property, Plant and Equipment, Continued

(1) Changes in property, plant and equipment for the six-month period ended June 30, 2014 and the year ended December 31, 2013 were as follows, Continued:

		Land	Buildings	Structures	Machinery	Vehicles	Tools, furniture and fixtures	Construction in progress	Total
Accumulated impairment									
Jan.1, 2013	₩	642,464	92,684,900	33,812,981	103,992,461	233,070	8,683,605	-	240,049,481
Disposals		(639,178)	(15,157,891)	(23,153,808)	(51,830,193)	(726)	(3,353,465)	-	(94,135,261)
Impairment		1,050,305	211,001,416	28,626,407	34,482,140	76,931	3,770,822	-	279,008,021
Other		(1,050,305)	(25,482,047)	2,882,244	1,324,293	52,488	(802,848)	-	(23,076,175)
Disposals		(3,286)	300,549	544,895	(253,250)	(14,530)	(93,039)	-	481,339
Dec.31, 2013	₩	-	263,346,927	42,712,719	87,715,451	347,233	8,205,075	-	402,327,405
Disposals		-	(2,459,430)	(205,120)	(1,826,985)	(27,550)	(212,129)	-	(4,731,214)
Impairment		-	-	-	384,649	-	359,994	-	744,643
Other		-	(213,234)	(378,367)	(15,337,019)	(2,034)	(38,190)	-	(15,968,844)
Exchange rate fluctuations		-	(1,206,185)	(288,185)	(43,591)	(3,727)	(31,443)	-	(1,573,131)
Jun.30, 2014	₩	-	259,468,078	41,841,047	70,892,505	313,922	8,283,307	-	380,798,859
Government subsidy									
Jan.1, 2013	₩	-	-	-	547,176	-	47,463	-	594,639
Acquisition		-	-	-	222,971	-	359,794	-	582,765
Depreciation offset		-	-	-	(183,773)	-	(74,000)	-	(257,773)
Dec.31, 2013	₩	-	-	-	586,374	-	333,257	-	919,631
Acquisition		-	-	-	1,248,975	-	-	-	1,248,975
Depreciation offset		-	-	-	(232,650)	-	(40,726)	-	(273,376)
Exchange rate fluctuations		-	-	-	(19,408)	-	-	-	(19,408)
Jun.30, 2014	₩	-	-	-	1,583,291	-	292,531	-	1,875,822
Carrying amount									
Jan.1, 2013	₩	129,083,022	675,712,405	196,745,355	557,094,681	2,785,211	68,591,872	341,089,482	1,971,102,028
Dec.31, 2013		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
Jun.30, 2014		125,713,448	572,653,450	144,332,051	691,016,538	2,724,895	77,409,008	115,379,358	1,729,228,748

Other increase or decrease includes reclassification of construction-in-progress and the amount immediately expensed from construction-in-progress. For the six-month period ended June 30, 2014, the Group assessed the recoverable amount of property, plant and equipment in certain division. The carrying amount of property, plant and equipment was determined to be higher than its recoverable amount and impairment loss was recognized.

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13. Intangible Assets

(1) Changes in intangible assets for the six-month period ended June 30, 2014 and the year ended December 31, 2013 were as follows:

(In thousands of won)

		Exclusive facility usage rights	Others	Goodwill	Total
Acquisition cost					
Jan.1, 2013	₩	81,437,274	212,102,240	40,665,192	334,204,706
Acquisitions		-	1,198,127	-	1,198,127
Disposals		(13,124,934)	(2,811,674)	-	(15,936,608)
Other		15,538,063	26,286,396	-	41,824,459
Exchange rate		<u>126,300</u>	<u>(134,555)</u>	-	<u>(8,255)</u>
Dec.31, 2013	₩	<u>83,976,703</u>	<u>236,640,534</u>	<u>40,665,192</u>	<u>361,282,429</u>
Acquisitions		-	1,601,960	-	1,601,960
Disposals		(1,785,802)	(494,912)	-	(2,280,714)
Other		7,762,778	12,599,858	-	20,362,636
Exchange rate		<u>6,448,274</u>	<u>(1,636,302)</u>	-	<u>4,811,972</u>
Jun.30, 2014	₩	<u>96,401,953</u>	<u>248,711,138</u>	<u>40,665,192</u>	<u>385,778,283</u>
Accumulated depreciation					
Jan.1, 2013	₩	34,532,674	112,237,668	-	146,770,342
Amortization		6,092,550	32,910,536	-	39,003,086
Disposals		(5,250,875)	(805,894)	-	(6,056,769)
Other		845,919	826,092	-	1,672,011
Exchange rate		<u>126,300</u>	<u>(84,352)</u>	-	<u>41,948</u>
Dec.31, 2013	₩	<u>36,346,568</u>	<u>145,084,050</u>	-	<u>181,430,618</u>
Amortization		3,486,451	18,732,211	-	22,218,662
Disposals		(1,659,368)	(494,912)	-	(2,154,280)
Other		-	(15,281)	-	(15,281)
Exchange rate		<u>6,448,274</u>	<u>(1,566,240)</u>	-	<u>4,882,034</u>
Jun.30, 2014	₩	<u>44,621,925</u>	<u>161,739,828</u>	-	<u>206,361,753</u>
Accumulated impairment					
Jan.1, 2013	₩	378,125	4,706,947	11,342,210	16,427,282
Impairment		702,242	424,738	-	1,126,980
Disposals		(139,327)	(2,005,778)	-	(2,145,105)
Other		-	<u>(2,627,848)</u>	-	<u>(2,627,848)</u>
Dec.31, 2013	₩	<u>941,040</u>	<u>498,059</u>	<u>11,342,210</u>	<u>12,781,309</u>
Impairment		-	-	-	-
Disposals		(36)	-	-	(36)
Exchange rate		<u>-</u>	<u>(670)</u>	-	<u>(670)</u>
Jun.30, 2014	₩	<u>941,004</u>	<u>497,389</u>	<u>11,342,210</u>	<u>12,780,603</u>
Carrying amount					
Jan.1, 2013	₩	46,526,475	95,157,625	29,322,982	171,007,082
Dec.31, 2013		46,689,095	91,058,425	29,322,982	167,070,502
Jun.30, 2014		50,839,024	86,473,921	29,322,982	166,635,927

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

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13. Intangible Assets, Continued

(2) Amortization expense

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

(3) Research & development expenses

Research & development expenses in selling, general and administrative expenses recognized during the six-month periods ended June 30, 2014 and 2013 were ₩28,562 million and ₩31,262 million, respectively.

14. Investment Property

Changes in investment property for the six-month period ended June 30, 2014 and the year ended December 31, 2013 were as follows:

(In thousands of won)

	2014			2013		
	Land	Buildings	Total	Land	Buildings	Total
Beginning balance	₩ 35,533,797	1	35,533,798	32,152,237	1,926,244	34,078,481
Reclassification	-	-	-	3,381,560	(1,673,997)	1,707,563
Disposal	(51,780)	-	(51,780)	-	-	-
Depreciation	-	-	-	-	(252,246)	(252,246)
Other	(176,317)	-	(176,317)	-	-	-
Ending balance	₩ 35,305,700	1	35,305,701	35,533,797	1	35,533,798

Investment property consists of land and buildings in Cheon-an and land in Ulsan which were rented to SDC and STM.

15. Trade Payables and Other Liabilities

Trade payables and other liabilities as of June 30, 2014 and December 31, 2013 are summarized as follows:

(In thousands of won)

	2014		2013	
	Current	Non-current	Current	Non-current
Trade payables	₩ 245,344,427	-	296,285,301	-
Accounts payable	103,060,680	-	119,991,808	-
Accrued expenses	374,124,893	-	374,546,507	-
Other (Note 17 and 19)	193,554,235	11,991,392	297,201,235	33,226,696
Total	₩ 916,084,235	11,991,392	1,088,024,851	33,226,696

Other includes provisions, withholdings, and guarantee deposits received.

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16. Borrowings and Debentures

(1) Borrowings as of June 30, 2014 and December 31, 2013 are summarized as follows:

(In thousands of won)

		<u>2014</u>	<u>2013</u>
Short-term borrowings			
Disposals of trade receivable	₩	393,093,113	387,274,836
Short-term borrowings in foreign currency		<u>4,968,089</u>	<u>27,938,407</u>
Subtotal		<u>398,061,202</u>	<u>415,213,243</u>
Long-term borrowings			
Debentures	₩	399,210,241	398,985,003
Long-term borrowings in Korean won		200,000,000	200,000,000
Long-term borrowings in foreign currency		<u>166,858,727</u>	<u>169,966,597</u>
Subtotal		<u>766,068,968</u>	<u>768,951,600</u>
Total	₩	<u>1,164,130,170</u>	<u>1,184,164,843</u>

(2) Debentures as of June 30, 2014 and December 31, 2013 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>2014</u>	<u>2013</u>
Parent Company	Corporate bonds	Unsecured	2015.09.14	3.19	₩	200,000,000	200,000,000
			2016.04.05	2.72		<u>200,000,000</u>	<u>200,000,000</u>
Less discount on debentures						(789,759)	(1,014,997)
Total						₩	<u>399,210,241</u> <u>398,985,003</u>

(3) Long-term borrowings as of June 30, 2014 and December 31, 2013 are summarized as follows:

(In thousands of won)

<u>Borrower</u>	<u>Financial institution</u>	<u>Description</u>	<u>Annual interest rate (%)</u>		<u>2014</u>	<u>2013</u>	
Parent Company	Korea Development Bank	Won currency loans	4.16	₩	100,000,000	100,000,000	
	Shinhan Bank	loans	4.00		100,000,000	100,000,000	
SDIEM	Standard Chartered	Foreign currency loans	LIBOR 3M + 1.50		<u>166,858,727</u>	<u>169,966,597</u>	
Less current portion of long-term borrowings						-	-
Total						₩	<u>366,858,727</u> <u>369,966,597</u>

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17. Provisions

Changes in provisions for the six-month period ended June 30, 2014 and the year ended December 31, 2013 were as follows:

(In thousands of won)

	Current			Non-current	
	Royalty expenses	Quality Assurance(*)	Incentives	Incentives	Total
Balance at Jan. 1, 2014 ₩	47,735,703	16,700,878	-	28,820,492	93,257,073
Provisions made	502,084	1,487,860	6,999,523	-	8,989,467
Provisions used	(37,096,333)	(4,517,833)	-	(21,820,969)	(63,435,135)
Balance at June 30, 2014 ₩	<u>11,141,454</u>	<u>13,670,905</u>	<u>6,999,523</u>	<u>6,999,523</u>	<u>38,811,405</u>
Balance at Jan. 1, 2013 ₩	81,402,256	35,758,984	6,646,960	11,238,373	135,046,573
Provisions made	11,179,102	18,968,905	-	17,947,527	48,095,534
Provisions used	(44,845,655)	(38,027,011)	(6,646,960)	(365,408)	(89,885,034)
Balance at Dec. 31, 2013 ₩	<u>47,735,703</u>	<u>16,700,878</u>	<u>-</u>	<u>28,820,492</u>	<u>93,257,073</u>

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

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

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

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, 2014 and December 31, 2013 are summarized as follows:

1) Defined benefit obligation

<i>(In thousands of won)</i>	<u>2014</u>	<u>2013</u>
Present value of defined benefit obligations		
Beginning balance	₩ 276,731,853	218,593,855
Current service costs	26,060,858	48,578,458
Interests expenses	6,218,652	8,811,237
Transfer in related parties	1,373,979	3,491,056
Gross benefit payments	(6,671,147)	(17,746,204)
Actuarial loss in other comprehensive income	-	16,082,731
Payments with a subscription to the defined contribution plan	(761,637)	(939,462)
Exchange rate fluctuations	(2,404)	(139,818)
Ending balance	302,950,154	276,731,853
Fair value of plan assets	(247,607,607)	(247,322,768)
Total	₩ <u>55,342,547</u>	<u>29,409,085</u>

2) Other liabilities for employee benefits as of June 30, 2014 and December 31, 2013 are summarized as follows:

<i>(In thousands of won)</i>	<u>2014</u>	<u>2013</u>
Liabilities for paid absence	₩ 31,781,907	33,605,766
Long-term incentive provisions	13,999,046	28,820,491
Total	₩ <u>45,780,953</u>	<u>62,426,257</u>

(2) Expenses for employee benefits for the three- and six-month periods ended June 30, 2014 and 2013 were as follows:

<i>(In thousands of won)</i>	<u>2014</u>		<u>2013</u>	
	<u>Three-month</u>	<u>Six-month</u>	<u>Three-month</u>	<u>Six-month</u>
Current service costs	₩ 13,030,179	26,060,858	12,140,858	24,282,091
Interests	3,109,326	6,218,652	2,202,808	4,405,617
Interest income	(2,774,261)	(5,548,520)	(1,736,724)	(3,473,448)
Payment on defined contribution plans	4,636	269,171	3,691	94,481
Total	₩ <u>13,369,880</u>	<u>27,000,161</u>	<u>12,610,633</u>	<u>25,308,741</u>

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19. Commitments and Contingencies

- (1) As of June 30, 2014 the Group has been provided a guarantee of ₩2,451 million by Seoul Guarantee Insurance Co., Ltd. in relation to a court deposit and licensing procedures.
- (2) In December 2005, Samsung Motor Inc's creditors ("the Creditors") filed a civil action lawsuit against Mr. Kun Hee Lee, chairman of Samsung Electronics Co., Ltd. and 28 Samsung Group affiliates including the Group, which seeks ₩2,450,000 million and damages for breach of contract and etc. based on the agreement entered in September 1999. During the year ended December 31, 2010, shares of Samsung Life Insurance Co., Ltd. ("SLI") owned by the creditors were disposed of and ₩877,600 million was deposited into an escrow account and majority of the claims for this case were settled. The deposited amount of ₩877,600 million was the summation of surplus over ₩70,000 per disposed share. On January 11, 2011, the Seoul High Court sentenced Samsung Group affiliates to pay ₩600,000 million and late payment penalty. In accordance with the Seoul High Court order, ₩620,400 million (which includes penalties and interest owed) was paid to the Creditors from the funds held in escrow. Samsung Group affiliates including the Company and the Creditors all have appealed to the Korean Supreme Court. The Group is unable to reasonably estimate effects on the consolidated financial statements as the ultimate outcome of this case and the amount burden to the Group are uncertain.
- (3) 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 United States and three 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.
- (4) In addition to the litigations described in (2), (3) above, as of June 30, 2014, the Group is a defendant in eleven 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, 2014, the impact on the consolidated financial statements cannot be reasonably estimated.
- (5) As of June 30, 2014, the Group has entered into agreements with Shinhan Bank and eight other banks in relation to bank overdrafts for up to maximum of ₩26,100 million, USD 174,800 thousand, CNY 1,200,000 thousand. The Group has also entered into contracts of limits on general purpose loans with Woori Bank and the other bank for up to maximum of ₩130,000 million.
- (6) As of June 30, 2014, the Group has entered into agreements with Korea Exchange Bank in relation to trade finance for up to a maximum of ₩70,000 million and agreements with Woori Bank and two other banks in relation to import credits for up to a maximum of USD 124,700 thousand.
- (7) As of June 30, 2014, the Group has entered into agreements with Agricultural Bank of China and the other bank in relation to discount trade notes receivable for up to a maximum of CNY 450,000 thousand and agreements with Woori Bank and six other banks to discount export trade accounts receivable for up to a maximum of USD 854,525 thousand.
- (8) As of June 30, 2014, the Group has entered into agreements with Woori Bank and three other banks in relation to accounts receivable loan for up to a maximum of ₩74,000 million.

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19. Commitments and Contingencies, Continued

- (9) In accordance with technical license agreements, the Group recorded royalty expenses of ₩815 million and ₩4,925 million for six-month periods ended June 30, 2014 and 2013, respectively.
- (10) As of June 30, 2014, the Group provides guarantees up to a maximum of ₩11,412 million relating to the borrowings for housing rental to its employees.

20. Capital Stock and Capital Surplus

(1) Capital stock

Common shares and preferred shares issued and outstanding as of June 30, 2014 and December 31, 2013 are summarized as follows:

<i>(In shares)</i>		2014		
Classification	Issued shares	Treasury shares	Outstanding shares	
Common shares				
January, 1	45,558,341	2,178,399	43,379,942	
Exercise of share options	-	-	-	
Disposal of treasury stock	-	(2,178,399)	2,178,399	
June, 30	<u>45,558,341</u>	<u>-</u>	<u>45,558,341</u>	
Preferred shares	<u>1,617,896</u>	<u>108,400</u>	<u>1,509,496</u>	
<i>(In shares)</i>		2013		
Classification	Issued shares	Treasury shares	Outstanding shares	
Common shares				
January, 1	45,558,341	2,195,849	43,362,492	
Exercise of share options	-	(17,450)	17,450	
December, 31	<u>45,558,341</u>	<u>2,178,399</u>	<u>43,379,942</u>	
Preferred shares	<u>1,617,896</u>	<u>108,400</u>	<u>1,509,496</u>	

For the six-month period ended June 30, 2014, the Group disposed all treasury shares for common stock and gains on sale of treasury shares of ₩136,906 million were recognized.

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20. Capital Stock and Capital Surplus, Continued

(2) Capital surplus as of June 30, 2014 and December 31, 2013 are summarized as follows:

<i>(In thousands of won)</i>	2014	2013
Capital in excess of par value	₩ 1,195,810,753	1,195,810,753
Other capital surpluses	194,049,778	67,147,731
Total	₩ <u>1,389,860,531</u>	<u>1,262,958,484</u>

(3) Dividends declared by the Parent Company for the six-month periods ended June 30, 2014 and 2013 are summarized as follows. There is no income tax effect relating to these dividends.

<i>(In thousands of won)</i>	2014	2013
Common share (₩1,500 per share)	₩ 65,069,913	65,043,738
Preferred share (₩1,550 per share)	2,339,719	2,339,719
Total	₩ <u>67,409,632</u>	<u>67,383,457</u>

21. Other Capital

(1) Other capital as of June 30, 2014 and December 31, 2013 are summarized as follows:

<i>(In thousands of won)</i>	2014	2013
Treasury shares	₩ (4,734,457)	(166,929,947)
Share options	-	3,487,868
Total	₩ <u>(4,734,457)</u>	<u>(163,442,079)</u>

(2) As of June 30, 2014, the Parent Company has acquired preferred stock of 108,400 shares for 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, 2014 and December 31, 2013 are summarized as follows:

<i>(In thousands of won)</i>	2014	2013
Effective portion of changes in fair value of cash flow hedges	₩ (311,841)	530,648
Gain in fair value of available-for-sale financial assets	1,044,603,125	879,579,299
Unrealized holding gain on equity method investments	381,511,683	354,442,412
Unrealized holding loss on equity method investments	(166,238,934)	(147,229,816)
Loss on translation of foreign operations	(103,350,876)	(85,416,235)
Total	₩ <u>1,156,213,157</u>	<u>1,001,906,308</u>

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23. Retained Earnings

Retained earnings as of June 30, 2014 and December 31, 2013 are summarized as follows:

(In thousands of won)

	<u>2014</u>	<u>2013</u>
Legal reserve	₩ 120,462,823	120,462,823
Discretionary reserve	5,141,818,000	5,264,428,000
Unappropriated retained earnings (Undisposed deficit)	(235,464,631)	(348,901,651)
Total	₩ <u>5,026,816,192</u>	<u>5,035,989,172</u>

24. Selling, General and Administrative Expenses

Details of selling, general and administrative expenses for the three- and six-month periods ended June 30, 2014 and 2013 were as follows:

(In thousands of won)

	<u>2014</u>		<u>2013</u>	
	<u>Three-month</u>	<u>Six-month</u>	<u>Three-month</u>	<u>Six-month</u>
Salaries and wages	₩ 60,664,025	107,689,709	78,313,443	134,905,377
Defined benefit liabilities	6,227,206	15,065,788	5,544,928	11,004,978
Employee fringe benefits	19,971,162	38,169,566	16,755,297	34,045,439
Depreciation	23,503,119	46,873,906	22,274,588	43,321,781
Research and development expenses	11,575,390	28,562,436	9,422,862	31,262,265
Supplies and repair cost	3,025,910	5,915,313	4,739,592	10,260,046
Power and water cost	3,241,236	6,695,789	2,447,931	5,109,114
Transportation cost	6,969,900	13,835,059	7,704,489	14,354,538
Insurance expenses	2,203,011	4,413,441	2,136,243	4,054,769
Selling and distribution cost	8,917,182	18,915,328	12,523,516	24,113,472
Fees and commissions	15,533,475	35,145,121	18,239,096	38,964,669
Rental expenses	2,851,477	4,983,925	1,888,026	3,437,113
Others	4,796,622	17,951,665	2,603,771	16,660,006
Total	₩ <u>169,479,715</u>	<u>344,217,046</u>	<u>184,593,782</u>	<u>371,493,567</u>

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25. Nature of Expenses

The nature of expenses for the three- and six-month periods ended June 30, 2014 and 2013 were as follows:

(In thousands of won)

	2014		2013	
	Three-month	Six-month	Three-month	Six-month
Salaries and wages	₩ 156,495,891	304,533,702	172,663,532	320,451,123
Defined benefit liabilities	13,369,880	27,000,161	12,610,633	25,308,741
Employee fringe benefits	48,076,464	97,404,828	46,209,070	92,856,906
Depreciation	87,216,928	178,402,407	99,954,621	195,076,139
Amortization	11,220,192	22,218,662	9,273,259	18,133,482
Total	₩ 316,379,355	629,559,760	340,711,115	651,826,391

26. Other Income and Other Expenses

(1) Other income for the three- and six-month periods ended June 30, 2014 and 2013 were as follows:

(In thousands of won)

	2014		2013	
	Three-month	Six-month	Three-month	Six-month
Dividends income	₩ 313	11,381,936	311	19,163,051
Rental income	287,985	425,620	212,104	396,751
Reversal of allowance for doubtful accounts	319,134	319,134	(413,380)	68,170
Gain on disposal of available-for-sale financial assets	30,858	30,858	-	-
Gain on sale of property, plant and equipment	804,359	1,609,441	548,423	1,017,632
Gain on sale of investment assets	204,670	204,670	-	-
Reversal of loss on impairment of property, plant and equipment	-	-	-	520,760
Miscellaneous income	28,717,076	44,047,846	10,568,767	35,714,542
Total	₩ 30,364,395	58,019,505	10,916,225	56,880,906

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26. Other Income and Other Expenses, Continued

(2) Other expenses for the three- and six-month periods ended June 30, 2014 and 2013 were as follows:

(In thousands of won)

		2014		2013	
		Three-month	Six-month	Three-month	Six-month
Bad debt expenses-other	₩	(348,312)	-	(11,936)	182,962
Loss on disposition of investments		-	-	2,304,799	2,304,799
Donation		3,780,028	3,886,577	2,822,105	3,331,892
Loss on disposal of property, plant and equipment		1,000,873	1,560,658	6,576,266	7,252,338
Loss on impairment for property, plant and equipment		41,181	785,825	-	19,555
Loss on disposal of intangible assets		12,501	126,398	193,991	266,287
Miscellaneous losses		13,609,070	16,722,316	4,932,781	6,980,035
Total	₩	<u>18,095,341</u>	<u>23,081,774</u>	<u>16,818,006</u>	<u>20,337,868</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, 2014 were as follows:

(In thousands of won)

	Interest		Foreign currency		Foreign exchange		Derivative		Other comprehensive	
	income / expense		transaction gain / loss		translations gain / loss		instruments		income / loss	
	Three-month	Six-month	Three-month	Six-month	Three-month	Six-month	Three-month	Six-month	Three-month	Six-month
Cash and cash equivalents	₩ 2,887,016	6,087,246	(946,609)	(537,733)	-	-	-	-	-	-
Loans and receivables	(308)	8,011	(26,817,851)	(17,337,594)	(6,718,068)	(6,773,105)	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-	-	-	-	97,751,536	165,038,263
Financial instruments	225,307	565,239	(10,137,937)	(10,136,860)	(8,332)	(8,332)	-	-	-	-
Other financial liabilities	(7,813,422)	(15,762,455)	27,652,994	16,650,144	5,069,430	5,338,738	-	-	-	-
Derivative instruments	-	-	-	-	-	-	(683,191)	(1,185,647)	216,741	(842,489)
Total	₩ (4,701,407)	(9,101,959)	(10,249,403)	(11,362,043)	(1,656,970)	(1,442,699)	(683,191)	(1,185,647)	97,968,277	164,195,774

(2) Finance income and costs for the three- and six-month periods ended June 30, 2013 were as follows:

(In thousands of won)

	Interest		Foreign currency		Foreign exchange		Derivative		Other comprehensive	
	income / expense		transaction gain / loss		translations gain / loss		instruments		income / loss	
	Three-month	Six-month	Three-month	Six-month	Three-month	Six-month	Three-month	Six-month	Three-month	Six-month
Cash and cash equivalents	₩ 4,429,431	8,973,899	2,259,695	3,569,547	(205)	1	-	-	-	-
Loans and receivables	62,420	22,063	19,799,652	35,481,264	7,482,564	21,273,378	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-	-	-	-	(238,658,403)	(273,796,710)
Financial instruments	228,740	508,368	465	465	(12,192)	15,892	-	-	-	-
Other financial liabilities	(8,487,072)	(16,007,217)	(18,682,432)	(36,558,653)	(10,620,284)	(24,730,095)	-	-	-	-
Derivative instruments	-	-	-	-	-	-	1,519,306	2,326,905	(179,658)	(110,406)
Total	₩ (3,766,481)	(6,502,887)	3,377,380	2,492,623	(3,150,117)	(3,440,824)	1,519,306	2,326,905	(238,838,061)	(273,907,116)

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28. Income Tax Expense

Income tax expenses for the three- and six-month periods ended June 30, 2014 and 2013 were as follows:

(In thousands of won)

	2014		2013	
	Three-month	Six-month	Three-month	Six-month
Current income taxes	₩ 20,326,501	26,163,244	13,160,493	21,902,991
Deferred income taxes from changes in temporary differences	78,379,123	84,904,718	59,308,103	89,935,215
Deferred income taxes from changes in tax credit carry forward	(37,929,841)	(35,120,066)	(32,917,175)	(44,835,693)
Deferred income taxes recorded in stockholders' equity	(41,278,702)	(41,278,702)	137,455	103,978
Others	412,792	99,663	148,714	1,134,089
Income tax expense	₩ 19,909,873	34,768,857	39,837,590	68,240,580

29. Earnings Per Share

(1) Basic earnings per share

1) Basic earnings per share for the three- and six-month periods ended June 30, 2014 and 2013 were as follows:

(In thousands of won, except earnings per share)

	2014		2013	
	Three-month	Six-month	Three-month	Six-month
Net income attributable to common shares outstanding	₩ 19,103,361	58,236,652	129,152,388	206,805,674
Weighted average number of common shares outstanding (basic)	44,002,342	43,692,861	43,370,082	43,367,709
Basic earnings per share (won)	₩ 434	1,333	2,978	4,769

2) Weighted average number of common shares outstanding for the three- and six-month periods ended June 30, 2014 and 2013 is calculated as follows:

(In shares)

	2014		2013	
	Three-month	Six-month	Three-month	Six-month
Issued ordinary shares at January 1	45,558,341	45,558,341	45,558,341	45,558,341
Treasury shares	(1,555,999)	(1,865,480)	(2,188,259)	(2,190,632)
Weighted average number of common shares outstanding (basic)	44,002,342	43,692,861	43,370,082	43,367,709

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29. Earnings Per Share, Continued

(2) Diluted earnings per share

1) For the three- and six-month periods ended June 30, 2014, there are dilutive potential ordinary shares but rounding creates the same amounts for basic and diluted EPS. Diluted earnings per share for the three- and six-month periods ended June 30, 2013 was as follows:

(In thousands of won, except earnings per share)

	2013	
	<u>Three-month</u>	<u>Six-month</u>
Net income attributable to common shares outstanding	₩ 129,152,388	206,805,674
Weighted average number of common shares outstanding (diluted)	<u>43,370,082</u>	<u>43,368,908</u>
Diluted earnings per share (won)	<u>₩ 2,978</u>	<u>4,769</u>

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

(In shares)

	2013	
	<u>Three-month</u>	<u>Six-month</u>
Weighted average number of common shares outstanding (basic)	43,370,082	43,367,709
Effect of share options on issue (exercised)	<u>-</u>	<u>1,199</u>
Weighted average number of common shares outstanding (diluted)	<u>43,370,082</u>	<u>43,368,908</u>

SAMSUNG SDI CO., LTD. AND SUBSIDIARIES
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30. Related Parties

(1) Significant transactions with related parties for the six-month periods ended June 30, 2014 and 2013 were as follows:

(In thousands of won)

		2014				
		<u>Revenues</u>	<u>Other Income</u>	<u>Inventory purchase</u>	<u>Property, Plant and Equipment purchase</u>	<u>Other expenses</u>
Entity with significant influence over the Group						
Samsung Electronics Co., Ltd. ("SEC")	₩	163,585,360	7,007,733	16,227,972	96,540	3,983,794
Associates						
SDC		6,473,153	28,996,696	-	-	2,488,957
SERI		-	-	-	-	1,366,908
Samsung International Inc.		163,290,251	60,586	9,773,689	-	-
Samsung Electronics Suzhou Computer Co., Ltd.		21,043,109	92,133	-	-	-
Samsung Electronics Hungarian Rt. Samsung Electronics Display (M) SDN BHD.		21,043,769	-	-	-	-
Samsung Electronics Vietnam Co., Ltd.		30,342,519	907,580	-	-	-
Tianjin Samsung Electronics Co., Ltd.		203,538,191	-	-	-	-
Other affiliated corporations		11,176,983	-	-	-	-
		<u>549,239,428</u>	<u>-</u>	<u>60,424,704</u>	<u>-</u>	<u>11,595,258</u>
	₩	<u>1,169,732,763</u>	<u>37,064,728</u>	<u>86,426,365</u>	<u>96,540</u>	<u>19,434,917</u>

(In thousands of won)

		2013			
		<u>Revenues</u>	<u>Other Income</u>	<u>Inventory purchase</u>	<u>Other expenses</u>
Entity with significant influence over the Group					
Samsung Electronics Co., Ltd. ("SEC")	₩	105,707,961	7,409,309	24,645,170	2,863,053
Associates					
SDC		1,835,220	33,015,509	-	290,685
SERI		-	-	-	1,461,547
Samsung International Inc.		259,693,975	81,401	26,019,637	4,025
Samsung Electronics Suzhou Computer Co., Ltd.		80,365,370	-	-	-
Samsung Electronics Hungarian Rt.		62,697,971	-	3,479,220	-
Samsung Electronics Display (M) SDN BHD.		82,200,832	59,914	-	-
Samsung Electronics Vietnam Co., Ltd.		223,229,844	-	-	-
Tianjin Samsung Electronics Co., Ltd.		62,053,329	-	-	108,668
Other affiliated corporations		<u>388,677,518</u>	<u>-</u>	<u>78,292,941</u>	<u>1,486,603</u>
	₩	<u>1,266,462,020</u>	<u>40,566,133</u>	<u>132,436,968</u>	<u>6,214,581</u>

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30. Related Parties, Continued

(2) Details of significant account balances with related parties as of June 30, 2014 and December 31, 2013 are as follows:

(In thousands of won)

		2014				
		Account receivable	Other receivable	Other	Account payable	Other liability
Major shareholder						
Samsung Electronics Co., Ltd. ("SEC")	₩	35,205,152	2,764,829	685,378	1,205,185	388,078
Associates						
SDC		5,080,512	76,278	-	-	534
SERI		-	-	-	-	300,949
Samsung International Inc.		10,607,815	-	-	585,696	-
Samsung Electronics Suzhou Computer Co., Ltd.		4,662,369	-	-	-	-
Samsung Electronics Hungarian Rt.		555,312	-	-	-	-
Samsung Electronics Display (M) Sch. Bhd.		3,175,990	197,253	-	-	-
Samsung Electronics Vietnam Co., Ltd.		20,217,930	-	-	-	-
Tianjin Samsung Electronics Co., Ltd.		674,276	-	-	-	-
Other affiliated corporations		131,911,747	42,323	-	14,526,533	1,816,605
	₩	<u>212,091,103</u>	<u>3,080,683</u>	<u>685,378</u>	<u>16,317,414</u>	<u>2,506,166</u>

(In thousands of won)

		2013					
		Account receivable	Other receivable	Other	Account payable	Other payable	Other liability
Major shareholder							
Samsung Electronics Co., Ltd. ("SEC")	₩	18,258,451	769,309	718,994	2,148,622	2,906,451	-
Associates							
Samsung Japan Co., Ltd.		-	-	-	-	1,670	-
SDC		-	29,058	-	-	417	-
SERI		-	-	-	-	522,700	-
Samsung International Inc.		9,884,804	-	-	3,426,320	3,356	-
Samsung Electronics Suzhou Computer Co., Ltd.		5,582,761	29,633	-	-	-	-
Samsung Electronics Hungarian Rt.		5,760,276	-	-	-	-	-
Samsung Electronics Display (M) Sch. Bhd.		2,126,390	245,780	-	-	-	-
Samsung Electronics Vietnam Co., Ltd.		26,742,989	-	-	-	-	-
Tianjin Samsung Electronics Co., Ltd.		13,367,216	-	-	-	-	-
Other affiliated corporations		102,379,984	225,489	-	17,487,696	380,884	173
	₩	<u>184,102,871</u>	<u>1,099,269</u>	<u>718,994</u>	<u>23,062,638</u>	<u>3,815,478</u>	<u>173</u>

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30. Related Parties, Continued

(3) Personnel compensation in total to registered officers (the “key management”) who have the authority and responsibility in the planning, directing, and control of the Group is ₩2,792 million and ₩1,120 million, for the six-month periods ended June 30, 2014 and 2013, respectively. As of June 30, 2014 and December 31, 2013, liabilities related to long-term employee benefits for key management are ₩886 million and ₩3,272 million, respectively. In addition, liabilities related to retirement benefits for key management as of June 30, 2014 and December 31, 2013 are ₩6,191 million and ₩5,303 million, respectively.

31. Non-controlling Interest

Non-controlling interests for the six-month periods ended June 30, 2014 and 2013 were calculated as follows:

(In thousands of won)

	SDI(M)	2014			Six-months ended June 30, 2014
		United States (SDIA and 1 other)	China (TSDI and 3 others)	Others	
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
Net income or loss	(6,086)	10,350	85,343	2,618	92,225
Total comprehensive income	(7,063)	(33,135)	41,708	5,544	7,054
Distributed net income or 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 interest	-	(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)

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31. Non-controlling Interest, Continued

Non-controlling interests for the six-month periods ended June 30, 2014 and 2013 were calculated as follows, Continued:

(In thousands of won)

	SDI(M)	2013			Six-months ended June 30, 2013
		United States (SDIA and 1 other)	China (TSDI and 3 others)	Others	
Current assets	₩ 107,888	136,058	1,096,027	39,234	1,379,207
Non-current assets	47,315	41,598	675,606	32,109	796,628
Current liabilities	47,624	84,031	749,685	9,540	890,880
Non-current liabilities	-	943	-	-	943
Net assets	107,579	92,682	1,021,948	61,803	1,284,012
Carrying amount of non-controlling interests	30,157	7,592	165,416	1,183	204,348
Sales	3,804	278,084	1,655,041	-	1,936,929
Net income or loss	(2,200)	7,725	46,829	(2,418)	49,936
Total comprehensive income	(982)	8,461	57,372	1,265	66,116
Distributed net income or loss of non-controlling interests	(690)	644	6,395	(23)	6,326
Cash flow from operating activities	(13,704)	(1,333)	49,566	(937)	33,592
Cash flow from investing activities	(20,017)	(948)	(39,321)	7	(60,279)
Cash flow from financing activities before payment on dividends of non-controlling interest	-	(30,313)	(34,337)	-	(64,650)
Dividends attributed to non-controlling equity	-	(2,785)	(5,072)	-	(7,857)
Exchange rate change effect	1,445	4,018	22,131	(30)	27,564
Changes on cash and cash equivalents	(32,276)	(31,361)	(7,033)	(960)	(71,630)

Details on cash flow of each subsidiary are converted into won before consolidation.

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32. Subsequent Events

(1) Merger

The Parent Company merged with Cheil Industries Inc. on July 1, 2014 pursuant to resolution of the Board of Directors meeting held on March 31, 2014. The details of merger are as follows:

Plan	Details
Extinct company	Cheil Industries Inc.(CEO: CHO, NAM SUNG)
Purpose of merger	Strengthening SDI's competitiveness in lithium-ion battery business by utilizing the capabilities of Cheil's industries Inc. in materials parts, and system sectors and expanding its business to various industries such as chemical and electronic materials.
Shares of merger	Offering 0.4425482 shares of remaining company for each share of extinct company
Date of merger	July 1, 2014

The transaction is expected to be accounted for as a business combination under K-IFRS No. 1103 Business Combinations.

(2) Discontinued operation

Subsequent to June 30, 2014, the Group's board of directors decided to cease the operation of its PDP division, including manufacture and sale of PDP due to decreased demand. The operations are scheduled to be ceased from November 30, 2014. The results of operations of the PDP division will be separately presented as a discontinued operation in the consolidated statement of comprehensive income with comparative financial statements retrospectively adjusted.