CONSOLIDATED FINANCIAL STATEMENTS OF

SAMSUNG ELECTRONICS CO., LTD. AND SUBSIDIARIES

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Auditor's Review Report

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

Reviewed Financial Statements

We have reviewed the accompanying interim consolidated financial statements of Samsung Electronics Co., Ltd. and its subsidiaries (collectively referred to as the "Company"). These financial statements consist of consolidated statement of financial position of the Company as of June 30, 2012, and the related consolidated statements of income, comprehensive income for the three and six months ended June 30, 2012 and 2011, changes in equity and cash flows for the six-months then ended June 30, 2012 and 2011, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the republic of Korea ("K-IFRS") 1034, *Interim Financial Reporting* and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to issue a report on these consolidated financial statements based on our reviews. We did not review the financial statements of consolidated subsidiaries, whose financial statements represent 8.0% and 7.6% of the Company's consolidated total assets as of June 30, 2012 and December 31, 2011, respectively; and 20.4% of the Company's consolidated total sales for each of the six month periods ended June 30, 2012 and 2011. These statements were reviewed by other auditors whose reports have been furnished, and our review report as presented herein, insofar as it relates to the amounts included for the consolidated subsidiaries, is based solely on the reports of the other auditors.

We conducted our reviews in accordance with the quarterly review standards established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with 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 and reports of other auditors, nothing has come to our attention that causes us to believe the accompanying interim consolidated financial statements are not presented fairly, in all material respects, in accordance with the K-IFRS 1034, *Interim Financial Reporting*.

Other Matters

We have audited the statement of financial position of the Company as of December 31, 2011, and the related statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, in accordance with auditing standards generally accepted in the Republic of Korea. We expressed an unqualified opinion on those financial statements in our audit report dated February 22, 2012. The statement of financial position as of December 31, 2011, presented herein for comparative purposes, is consistent, in all material respects, with the above mentioned audited statement of financial position as of December 31, 2011.

Seoul, Korea
August 8, 2012

This report is effective as of August 8, 2012, 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 financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In millions of Korean Won, in thousands of U.S dollars (Note 2.1))

	Notes	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
		KRW	KRW	USD	USD
Assets					
Current Assets					
Cash and cash equivalents		15,521,957	14,691,761	13,452,901	12,733,369
Short-term financial instruments		7,828,604	11,529,905	6,785,062	9,992,984
Available-for-sale financial assets		453,649	655,969	393,178	568,529
Trade and other receivables		26,952,754	24,153,028	23,359,988	20,933,462
Advances		1,582,265	1,436,288	1,371,351	1,244,833
Prepaid expenses		2,368,952	2,329,463	2,053,174	2,018,949
Inventories	4	17,443,032	15,716,715	15,117,899	13,621,698
Other current assets		1,309,035	988,934	1,134,542	857,109
Total current assets		73,460,248	71,502,063	63,668,095	61,970,933
Non-current assets					
Available-for-sale financial assets	5	4,081,481	3,223,598	3,537,425	2,793,897
Associates and joint ventures	6	8,996,920	9,204,169	7,797,643	7,977,266
Property, plant and equipment	7	68,839,598	62,043,951	59,663,371	53,773,575
Intangible assets	8	3,672,924	3,355,236	3,183,328	2,907,988
Deposits		876,769	791,863	759,897	686,309
Long-term prepaid expenses		3,300,131	3,454,205	2,860,228	2,993,764
Deferred income tax assets		2,373,457	1,614,077	2,057,078	1,398,923
Other non-current assets		698,481	442,092	605,375	383,161
Total assets		166,300,009	155,631,254	144,132,440	134,885,816

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

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In millions of Korean Won, in thousands of U.S dollars (Note 2.1))

	Notes	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
		KRW	KRW	USD	USD
Liabilities and Equity					
Current liabilities					
Trade and other payables		18,173,203	18,509,490	15,750,739	16,042,200
Short-term borrowings	9	7,683,630	9,653,722	6,659,412	8,366,894
Advance received		1,527,731	1,450,733	1,324,086	1,257,352
Withholdings		1,240,729	1,715,070	1,075,341	1,486,453
Accrued expenses		6,610,015	7,823,728	5,728,909	6,780,836
Income tax payable		2,327,392	1,262,798	2,017,154	1,094,469
Current portion of long-term borrowings and debentures	9, 10	902,736	30,292	782,402	26,254
Provisions	12	5,681,884	3,514,536	4,924,496	3,046,053
Other current liabilities		288,803	358,645	250,308	310,838
Total current liabilities		44,436,123	44,319,014	38,512,847	38,411,349
Non-current liabilities					
Long-term trade and other payables		908,910	1,024,804	787,754	888,199
Debentures	10	1,920,582	1,280,124	1,664,571	1,109,485
Long-term borrowings	9	3,964,723	3,682,472	3,436,231	3,191,603
Retirement benefit liability	11	775,394	418,486	672,035	362,702
Deferred income tax liabilities		3,227,045	2,333,442	2,796,884	2,022,397
Provisions	12	462,938	363,223	401,229	314,806
Other non-current liabilities		340,185	364,366	294,839	315,798
Total liabilities		56,035,900	53,785,931	48,566,390	46,616,339

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

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In millions of Korean Won, in thousands of U.S dollars (Note 2.1))

	Notes	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
		KRW	KRW	USD	USD
Equity attributable to owners of the parent					
Preferred stock	14	119,467	119,467	103,542	103,542
Common stock	14	778,047	778,047	674,334	674,334
Share premium		4,403,893	4,403,893	3,816,860	3,816,860
Retained earnings	15	106,705,209	97,542,525	92,481,547	84,540,237
Other components of equity	16	(4,217,141)	(5,244,167)	(3,655,002)	(4,545,127)
Non-controlling interests	17	2,474,634	4,245,558	2,144,769	3,679,631
Total equity		110,264,109	101,845,323	95,566,050	88,269,477
Total liabilities and equity		166,300,009	155,631,254	144,132,440	134,885,816

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

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

(In millions of Korean Won, in thousands of U.S dollars (Note 2.1))

		For the three-months ended June 30				For the six-months ended June 30			
	Note	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
		KRW	KRW	USD	USD	KRW	KRW	USD	USD
Revenue		47,596,979	39,438,854	41,252,365	34,181,707	92,867,496	76,423,871	80,488,383	66,236,671
Cost of sales	18	29,971,206	26,827,122	25,976,084	23,251,102	60,109,580	52,881,565	52,097,053	45,832,523
Gross profit		17,625,773	12,611,732	15,276,281	10,930,605	32,757,916	23,542,306	28,391,330	20,404,148
Research and development Expenses	18	2,872,922	2,464,123	2,489,965	2,135,659	5,601,303	4,808,198	4,854,657	4,167,272
Selling, general and administrative expenses	18,19	8,359,387	6,373,997	7,245,092	5,524,352	15,126,520	12,165,051	13,110,175	10,543,466
Other operating income	20	507,577	256,918	439,918	222,671	894,597	566,673	775,348	491,136
Other operating expenses	20	176,928	278,650	153,344	241,506	350,130	435,314	303,458	377,287
Operating profit		6,724,113	3,751,880	5,827,798	3,251,759	12,574,560	6,700,416	10,898,388	5,807,259
Share of profit or loss of associates and joint ventures	6	268,771	410,659	232,944	355,919	636,105	786,267	551,313	681,459
Finance income	21	2,318,645	1,489,392	2,009,573	1,290,858	4,354,059	2,641,812	3,773,669	2,289,662
Finance expense	21	2,581,474	1,487,346	2,237,367	1,289,085	4,484,404	2,576,151	3,886,639	2,232,753
Profit before income tax		6,730,055	4,164,585	5,832,948	3,609,451	13,080,320	7,552,344	11,336,731	6,545,627
Income tax expense	22	1,536,635	658,221	1,331,804	570,481	2,838,439	1,261,242	2,460,079	1,093,120
Profit for the period		5,193,420	3,506,364	4,501,144	3,038,970	10,241,881	6,291,102	8,876,652	5,452,507
Profit attributable to owners of the parent		5,049,042	3,456,956	4,376,011	2,996,148	9,909,936	6,171,601	8,588,955	5,348,935
Profit attributable to non-controlling interest		144,378	49,408	125,133	42,822	331,945	119,501	287,697	103,572
Earnings per share for profit attributable to the owners of the parent (in Korean Won and US dollars):	23								
Basic		33,522	23,018	29.05	19.95	65,874	41,104	57.09	35.62
Diluted		33,496	22,972	29.03	19.91	65,823	41,020	57.05	35.55

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

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions of Korean Won, in thousands of U.S dollars (Note 2.1))

	For the three-months ended June 30				For the six-months ended June 30			
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
	KRW	KRW	USD	USD	KRW	KRW	USD	USD
Profit for the period	5,193,420	3,506,364	4,501,144	3,038,970	10,241,881	6,291,102	8,876,652	5,452,507
Available-for-sale financial assets, net of tax	(45,363)	86,404	(39,316)	74,886	650,298	49,867	563,614	43,220
Share of other comprehensive income of associates and joint ventures, net of tax	(71,387)	40,400	(61,871)	35,015	(218,134)	21,227	(189,057)	18,397
Foreign currency translation, net of tax	(520,342)	(286,884)	(450,981)	(248,642)	(426,503)	(474,535)	(369,650)	(411,280)
Total consolidated comprehensive income	4,556,328	3,346,284	3,948,976	2,900,229	10,247,542	5,887,661	8,881,559	5,102,844
Consolidated comprehensive income attributable to :								
Owners of the parent	4,411,637	3,308,765	3,823,572	2,867,711	9,927,160	5,806,701	8,603,884	5,032,676
Non-controlling interests	144,691	37,519	125,404	32,518	320,382	80,960	277,675	70,168

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

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In millions of Korean Won)

2011 KRW	Preferred stock	Common stock	Share premium	Retained earnings	Other component of equity	Equity attributable to owners of the parent	Non-controlling interests	Total
Balance at January 1, 2011	119,467	778,047	4,403,893	85,014,550	(4,726,398)	85,589,559	3,759,532	89,349,091
Profit for the period	-	-	-	6,171,601	-	6,171,601	119,501	6,291,102
Available-for-sale financial assets	-	-	-	-	54,372	54,372	(4,505)	49,867
Share of associates and joint ventures	-	-	-	-	21,227	21,227	-	21,227
Foreign currency translation	-	-	-	-	(440,499)	(440,499)	(34,036)	(474,535)
Total comprehensive income	-	-	-	6,171,601	(364,900)	5,806,701	80,960	5,887,661
Dividends	-	-	-	(749,477)	-	(749,477)	(1,899)	(751,376)
paid-in-capital increase	-	-	-	-	(63,791)	(63,791)	81,862	18,071
Effect of business combination	-	-	-	-	-	-	58,161	58,161
Disposal of treasury stock	-	-	-	-	155,841	155,841	-	155,841
Stock option activities	-	-	-	-	(31,913)	(31,913)	-	(31,913)
Others	-	-	-	(6,739)	(71,268)	(78,007)	685	(77,322)
Total transactions with owners	-	-	-	(756,216)	(11,131)	(767,347)	138,809	(628,538)
Balance at June 30, 2011	119,467	778,047	4,403,893	90,429,935	(5,102,429)	90,628,913	3,979,301	94,608,214

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

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of U.S dollars (Note 2.1))

2011 USD	Preferred stock	Common stock	Share premium	Retained earnings	Other component of equity	Equity attributable to owners of the parent	Non-controlling interests	Total
Balance at January 1, 2011	103,542	674,334	3,816,860	73,682,224	(4,096,375)	74,180,585	3,258,391	77,438,976
Profit for the period	-	-	-	5,348,935	-	5,348,935	103,572	5,452,507
Available-for-sale financial assets	-	-	-	-	47,124	47,124	(3,904)	43,220
Share of associates and joint ventures	-	-	-	-	18,397	18,397	-	18,397
Foreign currency translation	-	-	-	-	(381,781)	(381,781)	(29,499)	(411,280)
Total comprehensive income	-	-	-	5,348,935	(316,260)	5,032,675	70,169	5,102,844
Dividends	-	-	-	(649,573)	-	(649,573)	(1,646)	(651,219)
paid-in-capital increase	-	-	-	-	(55,288)	(55,288)	70,950	15,662
Effect of business combination	-	-	-	-	-	-	50,408	50,408
Disposal of treasury stock	-	-	-	-	135,068	135,068	-	135,068
Stock option activities	-	-	-	-	(27,659)	(27,659)	-	(27,659)
Others	-	-	-	(5,841)	(61,768)	(67,609)	594	(67,015)
Total transactions with owners	-	-	-	(655,414)	(9,647)	(665,061)	120,306	(544,755)
Balance at June 30, 2011	103,542	674,334	3,816,860	78,375,745	(4,422,282)	78,548,199	3,448,866	81,997,065

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

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In millions of Korean Won)

2012 KRW	Preferred stock	Common stock	Share premium	Retained earnings	Other component of equity	Equity attributable to owners of the parent	Non-controlling interests	Total
Balance at January 1, 2012	119,467	778,047	4,403,893	97,542,525	(5,244,167)	97,599,765	4,245,558	101,845,323
Profit for the period	-	-	-	9,909,936	-	9,909,936	331,945	10,241,881
Available-for-sale financial assets, net of tax	-	-	-	-	649,896	649,896	402	650,298
Share of other comprehensive income of associates and joint ventures, net of tax	-	-	-	-	(218,134)	(218,134)	-	(218,134)
Foreign currency translation, net of tax	-	-	-	-	(414,538)	(414,538)	(11,965)	(426,503)
Total comprehensive income	-	-	-	9,909,936	17,224	9,927,160	320,382	10,247,542
Dividends	-	-	-	(752,195)	-	(752,195)	(322,542)	(1,074,737)
Paid-in-capital increase	-	-	-	-	593,096	593,096	(1,769,072)	(1,175,976)
Disposal of treasury stock	-	-	-	-	401,316	401,316	-	401,316
Stock option activities	-	-	-	-	(17,740)	(17,740)	-	(17,740)
Other			-	4,943	33,130	38,073	308	38,381
Total transactions with owners	-	-	-	(747,252)	1,009,802	262,550	(2,091,306)	(1,828,756)
Balance at June 30, 2012	119,467	778,047	4,403,893	106,705,209	(4,217,141)	107,789,475	2,474,634	110,264,109

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

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of U.S dollars (Note 2.1))

2012 USD	Preferred stock	Common stock	Share premium	Retained earnings	Other component of equity	Equity attributable to owners of the parent	Non-controlling interests	Total
Balance at January 1, 2012	103,542	674,334	3,816,860	84,540,237	(4,545,127)	84,589,846	3,679,631	88,269,477
Profit for the period	-	-	-	8,588,955	-	8,588,955	287,697	8,876,652
Available-for-sale financial assets, net of tax	-	-	-	-	563,266	563,266	348	563,614
Share of other comprehensive income of associates and joint ventures, net of tax	-	-	-	-	(189,057)	(189,057)	-	(189,057)
Foreign currency translation, net of tax	-	-	-	-	(359,281)	(359,281)	(10,370)	(369,651)
Total comprehensive income	-	-	-	8,588,955	14,928	8,603,883	277,675	8,881,558
Dividends	-	-	-	(651,928)	-	(651,928)	(279,548)	(931,476)
Paid-in-capital increase	-	-	-	-	514,037	514,037	(1,533,257)	(1,019,220)
Effect of business combinations	-	-	-	-	-	-	-	-
Disposal of treasury stock	-	-	-	-	347,821	347,821	-	347,821
Stock option activities	-	-	-	-	(15,375)	(15,375)	-	(15,375)
Other	-	-	-	4,283	28,714	32,997	268	33,265
Total Transactions with owners	-	-	-	(647,645)	875,197	227,552	(1,812,537)	(1,584,985)
Balance at June 30, 2012	103,542	674,334	3,816,860	92,481,547	(3,655,002)	93,421,281	2,144,769	95,566,050

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

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of Korean Won, in thousands of U.S dollars (Note 2.1))

		For the six-months ended June 30			
	Notes	**2012**	**2011**	**2012**	**2011**
Cash flows from operating activities		KRW	KRW	USD	USD
Profit for the period		10,241,881	6,291,102	8,876,652	5,452,507
Adjustments	24	11,124,517	7,361,716	9,641,634	6,380,409
Changes in operating assets and liabilities	24	(5,677,371)	(2,858,169)	(4,920,585)	(2,477,179)
Cash flows from operating activities		15,689,027	10,794,649	13,597,701	9,355,737
Interest received		400,162	379,218	346,821	328,669
Interest paid		(334,151)	(220,696)	(289,609)	(191,278)
Dividend received		628,602	346,374	544,810	300,203
Income tax paid		(2,024,876)	(2,388,238)	(1,754,963)	(2,069,889)
Net cash generated from operating activities		14,358,764	8,911,307	12,444,760	7,723,442
Cash flows from investing activities					
Net decrease in short-term financial instruments		3,718,607	2,361,329	3,222,922	2,046,567
Net decrease in short- term available-for-sale financial assets		203,418	512,412	176,303	444,108
Proceeds from disposal of long-term available-for-sale financial assets		67,636	119,713	58,620	103,755
Acquisition of long-term available-for-sale financial assets		(56,290)	(36,712)	(48,787)	(31,818)
Proceeds from disposal of associates and joint ventures		32,750	3,710	28,384	3,215
Acquisition of associates and joint ventures		(248,567)	(40,000)	(215,433)	(34,668)
Disposal of property, plant and equipment		276,468	172,850	239,615	149,809
Purchases of property, plant and equipment		(13,868,509)	(11,174,006)	(12,019,855)	(9,684,526)
Disposal of intangible assets		8,750	3,174	7,584	2,751
Purchases of intangible assets		(321,748)	(343,826)	(278,859)	(297,994)
Proceeds from deposits		130,175	109,871	112,823	95,225
Payment for deposits		(190,607)	(177,961)	(165,199)	(154,239)
Cash outflows from business combination		(33,511)	(441,959)	(29,044)	(383,046)
Others		(315,816)	(204,015)	(273,719)	(176,820)
Net cash used in investing activities		(10,597,244)	(9,135,420)	(9,184,645)	(7,917,681)

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

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of Korean Won, in thousands of U.S dollars (Note 2.1))

		For the six-months ended June 30			
	Notes	**2012**	**2011**	**2012**	**2011**
		KRW	KRW	USD	USD
Cash flows from financing activities					
Net repayments from short-term borrowings		(1,843,134)	(960,519)	(1,597,447)	(832,483)
Disposal of treasury stock		44,285	68,889	38,382	59,706
Proceeds from debentures and long-term borrowings		1,815,705	2,122,441	1,573,674	1,839,522
Repayment of debentures and long-term borrowings		(440,732)	(718,115)	(381,983)	(622,391)
Payment of dividends		(1,140,307)	(752,777)	(988,306)	(652,433)
Net increase (decrease) in Non-controlling interests		(1,176,240)	300,052	(1,019,449)	260,055
Others		(29,786)	(308,792)	(25,815)	(267,629)
Net cash (used in) provided by financing activities		(2,770,209)	(248,821)	(2,400,944)	(215,653)
Effect of exchange rate changes on cash and cash equivalents		(161,115)	(66,491)	(139,639)	(57,628)
Net increase(decrease) in cash and cash equivalents		830,196	(539,425)	719,532	(467,520)
Cash and cash equivalents					
Beginning of the year		14,691,761	9,791,419	12,733,369	8,486,236
End of the period		15,521,957	9,251,994	13,452,901	8,018,716

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

1. General Information

1.1 Company Overview

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

SEC operates two business units: DMC (Digital Media & Communications) and DS (Devise Solutions). The DMC unit is subdivided into CE (Consumer Electronics) and IM (Information technology & Mobile Communications) divisions. The CE division offers products ranging from digital TVs, monitors, air conditioning systems, and refrigerators. The IM (Information technology & Mobile Communications) division also offers a wide variety of products including HHP, telecommunication systems, printers, and computers. The DS unit is comprised of Semiconductor, LCD, and other LED divisions. The semiconductor division offers products such as memory and system LSI, whereas the LCD division offers products such as LCD display panels and AMOLED panels designed for mobiles. The company is domiciled in the Republic of Korea and the address of its registered office is Suwon city, the Republic of Korea.

These consolidated financial statements have been prepared in accordance with Korean International Financial Reporting Standards (“K-IFRS”) 1027, *Consolidated and Separate Financial Statements*. SEC, as the controlling company, consolidates its 160 subsidiaries (collectively referred to as "the Company") including Samsung Display and Samsung Electronics America. The Company also applies the equity method of accounting to its 34 affiliates, including Samsung SDI.

1.2 Consolidated Subsidiaries

(A) The consolidated subsidiaries as of June 30, 2012 are as follows:

Area	Subsidiaries	Industry	Percentage of ownership[1]
Domestic	World Cyber Games	Cyber game match hosting	94.5
	Prosonic	Manufacture of medical health equipments	100.0
	Samsung Mobile Display	Manufacture and sale of TFT-LCD/AMOLED	64.4
	High Pioneer Private Investment Trust #1	Technology business/Venture capital investments	100.0
	Samsung Display	Manufacture and sale of TFT-LCD	100.0
	SU Materials	Manufacture of electronic devices	50.0
	STECO	Manufacture of semiconductor components	51.0
	SEMES	Manufacture of semiconductor/FPD	85.6
	SECRON	Semiconductor equipments	78.1
	Samsung Electronics Service	Repair service for electronic devices	99.3
	S-LCD	Manufacture and sale of TFT-LCD	100.0
	Living Plaza	Sale of consumer electronics	100.0
	SEHF Korea	Optical fiber cable, camera module	100.0
	Samsung Electronics Logitech	General logistics agency	100.0
	Samsung Electronics Football Club	Sponsoring of sports team and games	100.0
	GES	Semiconductor equipments	100.0
	Samsung Medison	Medical equipments	65.8
	Ray	Dental CT	68.1
	Samsung Venture Capital Union #6	Technology business/Venture capital investments	98.1
	Samsung Venture Capital Union #7	Technology business/Venture capital investments	99.0

Area	Subsidiaries	Industry	Percentage of ownership[1]
Domestic	Samsung Venture Capital Union #14	Technology business/Venture capital investments	99.0
	Samsung Venture Capital Union #20	Technology business/Venture capital investments	99.0
	Samsung Venture Capital Union #21	Technology business/Venture capital investments	99.0
	Samsung Venture Capital Union #22	Technology business/Venture capital investments	99.0
America	Samsung Electronics America(SEA)	Sale of electronic devices	100.0
	NexusDX(Nexus)	Medical equipments	100.0
	Samsung Receivables(SRC)	Credit managements	100.0
	Samsung Semiconductor(SSI)	Sale of electronic devices	100.0
	Samsung Electronics Canada(SECA)	Sale of electronic devices	100.0
	Samsung Information Systems America(SISA)	R&D	100.0
	Grandis	R&D	100.0
	mSpot	Software	100.0
	Nanoradio	R&D	100.0
	Samsung Mexicana(SAMEX)	Manufacture of electronic devices	100.0
	Samsung International(SII)	Manufacture of CTV	100.0
	Samsung Telecommunications America(STA)	Sale of communication equipment	100.0
	Samsung Austin Semiconductor(SAS)	Manufacture of semiconductor	100.0
	Samsung Electronics Mexico(SEM)	Manufacture and sales of electronic devices	100.0
	SEMES America(SEMESA)	Semiconductor equipments	100.0
	Samsung Electronics Latinoamerica Miami(SEMI)	Sale of electronic devices	100.0
	Samsung Medison America(SMUS)	Medical equipments	100.0
	Samsung Electronics Latinoamerica(SELA)	Sale of electronic devices	100.0
	Samsung Electronics Venezuela(SEVEN)	Marketing and services	100.0
	Samsung Electronica Colombia(SAMCOL)	Sale of electronic devices	100.0
	Samsung Electronica da Amazonia(SEDA)	Manufacture and sales of electronic devices	100.0
	Samsung Electronics Argentina(SEASA)	Marketing and services	100.0
	Samsung Electronics Chile(SECH)	Sale of electronic devices	100.0
	Samsung Electornics Peru(SEPR)	Sale of electronic devices	100.0
	Samsung Medison Brasil(SMBR)	Medical equipments	100.0
	Deltapoint Cardiac Diagnostics(Deltapoint)	Medical equipments	100.0
Europe	Samsung Electronics (UK)(SEUK)	Sale of electronic devices	100.0
	Samsung Electronics Holding(SEHG)	Holding Company	100.0
	Samsung Semiconductor Europe GmbH(SSEG)	Sale of semiconductor and LCD	100.0
	Samsung Electronics GmbH(SEG)	Sale of electronic devices	100.0
	Samsung Electronics Iberia(SESA)	Sale of electronic devices	100.0
	Samsung Electronics France(SEF)	Sale of electronic devices	100.0
	Samsung Electronics Hungarian(SEH)	Manufacture and sales of electronic devices	100.0
	Samsung Electronics Czech and Slovak(SECZ)	Sale of electronic devices	100.0
	Samsung Electronics Italia(SEI)	Sale of electronic devices	100.0
	Samsung Electronics Europe Logistics(SELS)	Logistics	100.0
	Samsung Electronics Benelux(SEBN)	Sale of electronic devices	100.0
	Samsung Electronics LCD Slovakia(SELSK)	Tall processing of TFT-LCD	100.0
	Samsung Electronics Romania(SEROM)	Sale of electronic devices	100.0
	Samsung Electronics Overseas(SEO)	Sale of electronic devices	100.0
	Samsung Electronics Polska(SEPOL)	Sale of electronic devices	100.0
	Samsung Electronics Portuguesa(SEP)	Sale of electronic devices	100.0
	Samsung Electronics Nordic(SENA)	Sale of electronic devices	100.0
	Samsung Semiconductor Europe(SSEL)	Sale of semiconductor and LCD	100.0

Area	Subsidiaries	Industry	Percentage of ownership[1]
Europe	Samsung Electronics Austria(SEAG)	Sale of electronic devices	100.0
	Samsung Electronics Slovakia(SESK)	Manufacture of CTV/monitor	100.0
	Samsung Electronics European Holding(SEEH)	Holding Company	100.0
	Samsung Electronics Poland Manufacturing(SEPM)	Manufacture of home appliances	100.0
	Samsung Electronics Greece(SEGR)	Sale of electronic devices	100.0
	Samsung LCD Netherlands R&D Center(SNRC)	R&D	100.0
	Samsung LCD Netherlands R&D Center UK(SNRC(UK))	R&D	100.0
	Samsung Nanoradio Development Center(SNDC)	R&D	100.0
	Nanoradio Hellas	R&D	100.0
	General RF Modules	R&D	100.0
	SonoAce Deutschland(SMDE)	Medical equipments	100.0
	Samsung Medison Italia(SMIT)	Medical equipments	100.0
	Samsung Medison France(SMFR)	Medical equipments	100.0
	Samsung Medison Europe(SMNL)	Medical equipments	100.0
	Nanogen Recognomics (Nanogen)	Medical equipments	60.0
	Samsung Electronics Rus(SER)	Marketing	100.0
	Samsung Electronics Rus Company(SERC)	Sale of electronic devices	100.0
	Samsung Electronics Ukraine(SEU)	Marketing	100.0
	Samsung Electronics Baltics(SEB)	Sale of electronic devices	100.0
	Samsung Electronics Ukraine Company(SEUC)	Sale of electronic devices	100.0
	Samsung Moscow Research Centre(SMRC)	R&D	100.0
	Samsung Electronics Kazakhstan(SEK)	Marketing	100.0
	Samsung Eletronics KZ and Central Asia(SEKZ)	Sale of electronic devices	100.0
	Samsung Electronics Rus Kaluga(SERK)	Manufacture of CTV	100.0
	Samsung Russia Service Center(SRSC)	Services	100.0
	Samsung Opto-Electronics GmbH(SOG)	Sale of electronic devices	100.0
	Samsung Electronics Limited(SEL)	Holding company	100.0
	Samsung Telecoms (UK)(STUK)	Sale of electronic devices	100.0
Middle East and Africa	Samsung Electronics West Africa(SEWA)	Marketing	100.0
	Samsung Electronics East Africa(SEEA)	Marketing	100.0
	Samsung Gulf Electronics(SGE)	Sale of electronic devices	100.0
	Samsung Electronics South Africa(SSA)	Sale of electronic devices	100.0
	Samsung Electronics Turkey(SETK)	Sale of electronic devices	100.0
	Samsung Semiconductor Israel R&D Center(SIRC)	R&D	100.0
	Samsung Electronics Levant(SELV)	Sale of electronic devices	100.0
	Samsung Electronics Morocco(SEMRC)	Sale of electronic devices	100.0
Asia(Except for China)	Samsung Japan(SJC)	Sale of electronic devices	100.0
	Samsung Yokohama Research Institute(SYRI)	R&D	100.0
	Samsung Electronics Japan(SEJ)	Sale and services of communication equipments	100.0
	TNP Small/Medium Size & Venture Enterprises Growth Promotion Investment Limited Partnership(TSUNAMI)	Technology business/Venture capital investments	99.0
	Samsung Medison Japan(SMJP)	Medical equipments	100.0
	Samsung Electronics Display (M)(SDMA)	Manufacture and sales of electronic devices	100.0
	Samsung Electronics (M)(SEMA)	Manufacture of home appliances	100.0
	Samsung Vina Electronics(SAVINA)	Manufacture and sale of electronic devices	80.0
	Samsung Asia Private(SAPL)	Sale of electronic devices	100.0
	Samsung India Electronics(SIEL)	Manufacture and sale of electronic devices	100.0
	Samsung India Software Operations(SISO)	R&D	100.0

Area	Subsidiaries	Industry	Percentage of ownership[1]
Asia(Except for China)	Samsung Electronics Australia(SEAU)	Sale of electronic devices	100.0
	Samsung Electronics Indonesia(SEIN)	Manufacture and sale of electronic devices	100.0
	Samsung Telecommunications Indonesia(STIN)	Sale and services of communication equipments	99.0
	Thai Samsung Electronics(TSE)	Manufacture and sale of electronic devices	91.8
	Samsung Electronics Philippines(SEPCO)	Sale of electronic devices	100.0
	Samsung Electronics Philippines Manufacturing(SEPHIL)	Manufacture of electronic devices	100.0
	Batino Realty Corporation(BRC) [2]	Management of real estate	39.8
	Samsung Malaysia Electronics(SME)	Sale of electronic devices	100.0
	Samsung Electronics Asia Holding(SEAH)	Holding Company	100.0
	Samsung Bangladesh R&D(SBRC)	R&D	100.0
	Samsung Electronics Vietnam(SEV)	Manufacture of electronic devices	100.0
	Samsung Telecommunications Malaysia(STM)	Communication system service	100.0
	Samsung Medison India(SMIN)	Medical equipments	100.0
	Medison Medical Systems(India)(MI)	Medical equipments	100.0
China	Dongguan Samsung Mobile Display(DSMD)	Manufacture of TFT-LCD	100.0
	Tianjin Samsung Mobile Display(TSMD)	Manufacture of TFT-LCD	95.0
	Samsung Electronics Hong Kong(SEHK)	Sale of electronic devices	100.0
	Suzhou Samsung Electronics(SSEC)	Manufacture of home appliances	88.3
	Samsung Suzhou Electronics Export(SSEC-E)	Manufacture of home appliances	100.0
	Samsung (China) Investment(SCIC)	Sale of electronic devices	100.0
	Samsung Guangzhou Mobile R&D Center(SGMC)	R&D	100.0
	Samsung Tianjin Mobile R&D(STMC)	R&D	100.0
	Samsung Electronics Suzhou Semiconductor(SESS)	Tall processing of semiconductor	100.0
	Samsung Electronics (Shandong) Digital Printing(SSDP)	Manufacture of printer	100.0
	Samsung Electronics Huizhou(SEHZ)	Manufacture of electronic devices	99.8
	Tianjin Samsung Electronics(TSEC)	Manufacture of electronic devices	91.3
	Samsung Electronics Taiwan(SET)	Sale of electronic devices	100.0
	Beijing Samsung Telecom R&D Center(BST)	R&D	100.0
	Tianjin Samsung Telecom Technology(TSTC)	Manufacture of communication equipment	90.0
	Shanghai Samsung Semiconductor(SSS)	Sale of semiconductor and LCD	100.0
	Samsung Electronics Suzhou Computer(SESC)	Manufacture of electronic devices	100.0
	Samsung Electronics Suzhou LCD(SESL)	Tall processing of TFT-LCD	100.0
	Samsung Suzhou LCD(SSL)	Tall processing of TFT-LCD	60.0
	Shenzhen Samsung Kejian Mobile Telecommunication Technology(SSKMT)	Manufacture of communication equipment	60.0
	Samsung Electronics Shanghai Telecommunication(SSTC)	Sale of communication and network equipment	100.0
	Samsung LCD Netherlands R&D Center HK(SNRC(HK))	R&D	100.0
	Samsung Semiconductor (China) R&D(SSCR)	R&D	100.0
	Samsung Electronics China R&D Center(SCRC)	R&D	100.0
	Samsung Electronics Hainan Fiberoptics(SEHF)	Manufacture of optical fiber, cable	100.0
	Samsung Electronics (Beijing) Service(SBSC)	Services	100.0
	Medison (Shanghai)(SMS2)	Medical equipments	100.0
	Samsung Medison Shanghai Medical Instrument(SMS1)	Medical equipments	98.2
	Medison Medical Equipment(Shanghai)(MMS)	Medical equipments	100.0
	Tianjin Samsung LED(TSLED)	Manufacture of LED	100.0

China	Tianjin Samsung Opto-Electronics(TSOE)	Manufacture of camera and camcorder	90.0

[1]Ownership represents the company's ownership of the voting right in each entity.

[2]Although the company owns less than 50% of the voting rights of BRC, the Company is considered to have control over BRC, as BRC is a special purpose entity, and its operations are based on the specific business needs of the Company. Therefore the Company obtains most of the benefits from BRC's operation.

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

1)

	As of June 30, 2012		For the three-months ended June 30, 2012		For the six-months ended June 30, 2012	
(In millions of Korean Won)	**Assets**	**Liabilities**	**Sales**	**Net Income**	**Sales**	**Net Income**
Samsung Display	21,419,324	4,588,907	6,259,068	341,428	6,259,068	341,428
Samsung Electronics America(SEA)	10,824,182	5,839,577	2,853,708	13,990	5,333,757	31,202
Samsung Mobile Display	10,402,973	5,127,858	2,577,786	309,283	4,888,530	584,369
Samsung Austin Semiconductor(SAS)	7,507,226	4,317,519	670,660	(40,161)	1,508,031	(33,521)
Samsung Semiconductor(SSI)	6,042,053	2,549,113	4,062,883	5,179	8,149,424	11,755
S-LCD	3,791,559	1,169,743	2,151,566	160,333	4,434,127	91,962
Samsung (China) Investment(SCIC)	3,514,639	2,707,432	2,830,723	24,343	5,852,680	138,516
Samsung Electronics European Holding(SEEH)	3,418,845	3,166,798	-	2,448	-	6,612
Samsung Electronics Vietnam(SEV)	2,691,020	1,242,583	3,015,207	4,976	5,941,488	270,343
Samsung Electronics Huizhou(SEHZ)	2,687,466	1,290,451	2,803,759	(10,127)	6,046,862	231,783
Samsung Electronica da Amazonia(SEDA)	2,600,249	1,700,514	1,490,911	36,526	2,768,083	48,981
Samsung Telecommunications America(STA)	2,340,164	1,911,047	2,781,686	(9,305)	5,400,768	11,701
Samsung Electronics Taiwan(SET)	2,152,062	1,925,340	1,429,092	(8,222)	2,678,024	16,100
Tianjin Samsung Telecom Technology(TSTC)	2,110,221	1,243,024	2,155,134	(66,988)	4,582,383	110,117
Samsung Electronics Slovakia(SESK)	1,990,227	775,895	1,204,995	29,916	2,458,683	76,687
Samsung Japan(SJC)	1,832,886	1,612,368	1,528,947	9,962	3,390,320	26,042
Samsung Electronics Suzhou Computer(SESC)	1,595,258	1,134,500	1,532,717	36,698	3,268,478	69,764
Shanghai Samsung Semiconductor(SSS)	1,590,181	1,440,727	2,729,771	10,530	5,479,942	26,710
Thai Samsung Electronics(TSE)	1,534,443	651,964	1,318,909	107,939	2,432,694	161,467
Samsung Electronics (UK)(SEUK)	1,491,625	932,566	1,311,733	14,435	2,337,269	19,202
Samsung Electronics Rus Company(SERC)	1,472,138	1,169,550	1,388,181	(11,059)	2,810,011	(8,879)
Samsung India Electronics(SIEL)	1,422,348	1,078,256	1,283,282	95,013	2,457,748	154,738
Samsung Electronics Europe Logistics(SELS)	1,371,628	856,484	3,137,713	259,061	5,976,982	448,556
Samsung Electronics Hong Kong(SEHK)	1,361,817	1,162,778	562,782	19,865	1,073,461	40,975
Samsung Semiconductor Europe GmbH(SSEG)	1,255,437	1,243,638	1,118,279	73	2,147,760	(1,231)
Others	36,912,664	22,102,922	29,097,228	677,382	54,971,669	1,192,837

2)

	As of December 31, 2011		For the three-months ended June 30, 2011		For the six-months ended June 30, 2011	
(In millions of Korean Won)	**Assets**	**Liabilities**	**Sales**	**Net Income**	**Sales**	**Net Income**
Samsung Electronics America(SEA)	9,816,571	4,913,504	2,661,786	(6,287)	4,935,887	4,017
Samsung Mobile Display	9,590,909	4,898,011	1,358,041	138,346	2,594,577	274,365
Samsung Austin Semiconductor(SAS)	6,952,894	3,731,834	423,610	21,205	864,017	33,020
Samsung Semiconductor(SSI)	5,974,863	2,490,812	4,125,682	10,828	8,286,405	11,354
S-LCD	4,940,886	1,411,031	2,531,598	(32,394)	4,875,336	(93,361)
Samsung (China) Investment(SCIC)	3,323,358	2,652,717	1,918,158	25,246	3,914,839	58,349
Samsung Electronics European Holding(SEEH)	3,796,937	3,592,183	-	1,584	-	2,313
Samsung Electronics Vietnam(SEV)	2,217,392	1,043,133	1,054,785	121,092	1,971,612	215,471
Samsung Electronics Huizhou(SEHZ)	2,984,592	1,816,087	1,533,478	58,969	3,064,242	145,532
Samsung Electronica da Amazonia(SEDA)	2,434,259	1,482,344	1,416,301	20,049	2,502,614	(443)
Samsung Telecommunications America(STA)	2,235,101	1,818,412	2,602,566	13,762	4,769,134	8,166
Samsung Electronics Taiwan(SET)	1,794,858	1,582,616	1,503,455	(4,857)	2,955,920	3,632
Tianjin Samsung Telecom Technology(TSTC)	1,664,989	907,083	1,252,838	31,511	2,314,935	75,026
Samsung Electronics Slovakia(SESK)	2,361,719	1,174,527	1,106,098	129,493	2,091,394	179,897
Samsung Japan(SJC)	2,856,471	2,197,847	1,896,747	4,232	3,664,120	19,441
Samsung Electronics Suzhou Computer(SESC)	1,411,349	1,018,670	1,203,690	16,854	2,692,679	56,771
Shanghai Samsung Semiconductor(SSS)	2,024,403	1,901,188	2,614,106	(1,598)	4,826,328	16,304
Thai Samsung Electronics(TSE)	1,169,778	443,187	902,341	71,563	1,648,713	120,280
Samsung Electronics (UK)(SEUK)	996,860	457,017	794,265	(5,516)	1,575,857	(15,529)
Samsung Electronics Rus Company(SERC)	1,509,256	1,189,211	1,051,584	(9,050)	2,217,812	(27,838)
Samsung India Electronics(SIEL)	1,090,390	876,886	984,383	9,755	1,900,585	47,397
Samsung Electronics Europe Logistics(SELS)	1,368,673	1,285,617	2,258,335	(4,372)	4,958,393	34,681
Samsung Electronics Hong Kong(SEHK)	1,155,606	998,115	303,011	1,413	622,311	4,854
Samsung Semiconductor Europe GmbH(SSEG)	1,338,671	1,325,034	1,205,346	1,339	2,607,858	19,134
Samsung Electronics Hungarian(SEH)	1,318,553	592,167	872,344	37,088	2,234,710	99,147
Others	29,624,650	16,822,643	20,632,666	102,589	39,531,011	261,246

(C) Changes in scope of consolidation

1) Newly added subsidiaries for the three-months ended June 30, 2012 are as follows:

Area	Subsidiaries	Description
Domestic	Samsung Display	Spin-off
America	mSpot	Acquisition of shares
	Nanoradio	Acquisition of shares
	Samsung LED America(SLA)	Acquisition of shares
Europe	Samsung Nanoradio Development Center(SNDC)	Acquisition of shares
	Nanoradio Hellas	Acquisition of shares
	General RF Modules	Acquisition of shares
	Samsung LED Europe GmbH(SLEG)	Acquisition of shares
China	Tianjin Samsung LED(TSLED)	Acquisition of shares

2) Removed subsidiaries for the three-months ended June 30, 2012 are as follows:

Area	Subsidiaries	Description
Domestic	Medison Healthcare	Merger
America	Samsung LED America(SLA)	Liquidation
	HX Diagnostics(HX)	Liquidation
	HX Reagents(HX Reagent)	Liquidation
Europe	Samsung LED Europe GmbH(SLEG)	Merger

2. Summary of Significant Accounting Policies

2.1 Convenience translation into United States Dollar Amounts

The Company operates primarily in Korean Won and its official accounting records are maintained in Korean Won. The U.S. dollar amounts provided in the financial statements represent supplementary information solely for the convenience of the reader. All Won amounts are expressed in U.S. dollars at the rate of ₩1,153.8 to US $1, the exchange rate in effect on June 30, 2012. Such presentation is not in accordance with generally accepted accounting principles, and should not be construed as a representation that the Won amounts shown could be readily converted, realized or settled in U.S. dollars at this or at any other rate.

2.2 Basis of Presentation

This condensed consolidated interim financial information for the six-month ended June 30, 2012 has been prepared in accordance with K-IFRS 1034 *Interim Financial Reporting*. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2011, which have been prepared in accordance with International Financial Reporting Standards as adopted by Korea ("K-IFRS"). These are those standards, subsequent amendments and related interpretations issued by the IASB that have been adopted by Korea.

Standards, amendments and interpretations which have been issued but are not effective for the financial year beginning January 1, 2012 and are not early adopted are set out below:

K-IFRS 1019, 'Employee benefits'
The main impacts on the Company will be that the corridor approach will no longer be applied and instead all actuarial gains and losses will be recognized in other comprehensive income as they occur; all past service costs will be immediately recognized, and interest cost and expected return on plan assets will be replaced with a net interest amount calculated by applying the discount rate to the net defined benefit liability (asset). This amendment will be effective starting from the accounting period beginning January 1, 2013. The Company is still in the process of assessing the impact of the amendment on the consolidated financial statements.

K-IFRS 1113, 'Fair value measurement'
The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. This amendment will be effective starting from the accounting period beginning January 1, 2013. The Company expects the amendment to not have a material impact on the consolidated financial statements.

K-IFRS 1001, 'Presentation of Financial Statements'
The amendment requires entities to group items presented in other comprehensive income based on whether they are potentially reclassifiable to profit or loss subsequently. The amendment will be effective starting from the accounting period beginning July 1, 2012 with early adoption permitted. The Company expects the amendment not to have a material impact on the consolidated financial statements.

2.3 Accounting Policies

Significant accounting policies and estimates adopted in the preparation and presentation of the interim financial statements are consistent with the accounting policies and estimates adopted for the annual financial statements for the year ended December 31, 2011, except as described below.

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

2.4 Significant Accounting Estimates and Assumptions

In preparing the interim financial statements, the management of the Company makes estimates and assumptions on matters which affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Significant estimation methodologies and assumptions made in the preparation of interim financial statements are consistent with those made in the preparation of the annual financial statements for the year ended December 31, 2011, except for the methodologies and assumptions made in deriving corporate income tax.

3. Financial instruments by category

(A) Financial instruments by category consist of the following:

1) As of June 30, 2012

(In millions of Korean Won)	Assets at fair value through the profit and loss	Loans and receivables	Available-for-sale financial assets	Total
Assets				
Cash and cash equivalents	₩ -	₩ 15,521,957	₩ -	₩ 15,521,957
Short-term financial instruments	-	7,828,604	-	7,828,604
Short-term available-for-sale financial assets	-	-	453,649	453,649
Trade and other receivables	-	26,952,754	-	26,952,754
Long-term available-for-sale financial assets	-	-	4,081,481	4,081,481
Deposit	-	876,769	-	876,769
Others	83,285	1,799,921	-	1,883,206
Total	₩ 83,285	₩ 52,980,005	₩ 4,535,130	₩ 57,598,420

(In millions of Korean Won)	Liabilities at fair value through the profit and loss	Financial liabilities measured at amortized cost	Other financial liabilities	Total
Liabilities				
Trade and other payables	₩ -	₩ 19,082,113	₩ -	₩ 19,082,113
Short-term borrowings	-	3,930,718	3,752,912	7,683,630
Debentures	-	1,920,582	-	1,920,582
Long-term borrowings	-	3,964,723	-	3,964,723
Others	36,517	7,662,504	-	7,699,021
Total	₩ 36,517	₩ 36,560,640	₩ 3,752,912	₩ 40,350,069

2) As of December 31, 2011

(In millions of Korean Won)	Assets at fair value through the profit and loss	Loans and receivables	Available-for-sale financial assets	Total
Assets				
Cash and cash equivalents	₩ -	₩ 14,691,761	₩ -	₩14,691,761
Short-term financial instruments	-	11,529,905	-	11,529,905
Short-term available-for-sale financial assets	-	-	655,969	655,969
Trade and other receivables	-	24,153,028	-	24,153,028
Long-term available-for-sale financial assets	-	-	3,223,598	3,223,598
Deposit	-	791,863	-	791,863
Others	130,057	1,289,447	-	1,419,504
Total	₩ 130,057	₩ 52,456,004	₩ 3,879,567	₩56,465,628

(In millions of Korean Won)	Liabilities at fair value through the profit and loss	Financial liabilities measured at amortized cost	Other financial liabilities	Total
Liabilities				
Trade and other payables	₩ -	₩ 19,534,294	₩ -	₩ 19,534,294
Short-term borrowings	-	4,775,339	4,878,383	9,653,722
Debentures	-	1,280,124	-	1,280,124
Long-term borrowings	-	3,682,472	-	3,682,472
Others	40,932	7,818,742	-	7,859,674
Total	₩ 40,932	₩ 37,090,971	₩ 4,878,383	₩ 42,010,286

(B) The following table presents the assets and liabilities that are measured at fair value.

1) As of June 30, 2012

(In millions of Korean Won)	**Level 1**	**Level 2**	**Level 3**	**Total balance**
Derivatives	₩ -	₩ 83,285	₩ -	₩ 83,285
Available-for-sale financial assets	3,812,443	102,054	620,633	4,535,130
Total assets	3,812,443	185,339	620,633	4,618,415
Derivatives	-	36,517	-	36,517
Total liabilities	₩ -	₩ 36,517	₩ -	₩ 36,517

2) As of December 31 2011

(In millions of Korean Won)	**Level 1**	**Level 2**	**Level 3**	**Total balance**
Derivatives	₩ -	₩ 130,057	₩ -	₩ 130,057
Available-for-sale financial assets	3,182,157	73,672	623,738	3,879,567
Total assets	3,182,157	203,729	623,738	4,009,624
Derivatives	-	40,932	-	40,932
Total liabilities	₩ -	₩ 40,932	₩ -	₩ 40,932

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

・Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities
・Level 2 : Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
・Level 3 : Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

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

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

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

Specific valuation techniques used to value financial instruments include:

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

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

4. Inventories

Inventories, net of valuation losses, as of June 30, 2012 and December 31, 2011 consist of the following:

(In millions of Korean Won)	**June 30, 2012**	**December 31, 2011**
Finished goods	₩ 5,417,376	₩ 5,905,880
Work in Process	3,309,861	3,071,362
Raw materials and supplies	5,710,343	4,486,620
Materials-in-transit	3,005,452	2,252,853
Total	₩ 17,443,032	₩ 15,716,715

As of June 30, 2012, losses from valuation of inventories of ₩773,236 million (December 31, 2011: ₩769,416 million) were deducted from inventories.

5. Long-Term available-for-sale financial assets

Long-term available-for-sale financial assets as of June 30, 2012 and December 31, 2011, consist of the following:

	June 30, 2012	**December 31, 2011**
(In millions of Korean Won)	**Book Value**	**Book Value**
Equity securities - Listed [1]	₩ 3,358,794	₩ 2,526,187
Equity securities - Unlisted [1]	620,633	623,739
Debt securities	102,054	73,672
Total	₩ 4,081,481	₩ 3,223,598

[1] Excludes associates and joint ventures

The Company does not have any available-for-sale financial assets that are impaired or overdue. The maximum exposure to credit risk for debt securities of available-for-sale financial assets at the reporting date is the carrying value of the debt securities.

Listed equity securities as of June 30, 2012 and December 31, 2011 consist of the following:

(In millions of Korean Won, except for the number of shares and percentages)

				June 30, 2012	December 31, 2011
	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Recorded Book Value (Market Value)	Recorded Book Value (Market Value)
Samsung Heavy Industries	40,675,641	17.6	₩ 258,299	₩ 1,517,201	₩ 1,134,850
Samsung Fine Chemicals	2,164,970	8.4	45,678	129,465	132,063
Hotel Shilla	2,004,717	5.0	13,957	111,462	77,182
Cheil Worldwide	2,998,725	2.6	2,920	54,577	56,826
iMarket Korea	647,320	1.8	324	13,594	10,487
A-Tech Solution	1,592,000	15.9	26,348	13,452	17,830
SFA	1,822,000	10.2	38,262	98,752	111,142
SNU Pricision	1,075,446	5.3	14,204	8,561	11,400
KT Skylife	240,000	0.5	3,000	5,436	6,576
Rambus	4,788,125	4.3	92,682	31,711	41,692
Seagate Technology	45,239,490	10.6	788,454	1,290,840	855,665
Others	-	-	23,226	83,743	70,474
Total			₩ 1,307,354	₩ 3,358,794	₩ 2,526,187

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

6. Associates and Joint Ventures

(A) Changes in associates and joint ventures for the six-month ended June 30, 2012 and 2011, consist of the following:

(In millions of Korean Won)		**2012**		**2011**
At January 1	₩	9,204,169	₩	8,335,290
Acquisition of associates and joint ventures		248,567		326,384
Proceeds from disposal of associates and joint ventures		(12,451)		(278,675)
Share of profit (loss)		636,105		786,267
Others (*)		(1,079,470)		(282,854)
At June 30	₩	8,996,920	₩	8,886,412

(*) Others consist of dividends, business combination and the effect of change in foreign exchange rates.

(B) Major associates and joint ventures as of June 30, 2012 consist of the following:

1) Associates

Investee	**Industry**	**Percentage of Ownership (%)(*)**	**Region**
Samsung Card	Finance, Credit card	35.3	Korea
Samsung Electro-Mechanics	Electricity, Electronics	23.7	Korea
Samsung SDI	Manufacturing	20.4	Korea
Samsung SDS	Service	21.7	Korea
Samsung Techwin	Manufacturing	25.5	Korea

(*) The ownership represents the Company's ownership of the voting rights in the entity

2) Joint ventures

Investee	**Industry**	**Percentage of Ownership (%)(*)**	**Region**
Samsung Corning Precision Materials	TFT- LCD components Manufacturing and retail	42.5	Korea
Samsung Corning Advanced Glass	Manufacture of other industrial glass devices	50.0	Korea

(*) The ownership represents the Company's ownership of the voting rights in the entity

(C) Details of investments in associates and joint ventures consist of the following:

1) Associates

(In millions of Korean Won)

Investee	June 30, 2012 Acquisition cost	Net asset value of investee(*)	Book value
Samsung Card	₩ 1,538,540	₩ 2,186,962	₩ 2,203,809
Samsung Electro-Mechanics	359,237	850,585	837,930
Samsung SDI	423,722	1,263,725	1,205,205
Samsung SDS	17,967	672,859	662,398
Samsung Techwin	174,531	399,173	355,160
Samsung LED	-	-	-
Others	437,660	537,448	533,066
Total	₩ 2,951,657	₩ 5,910,752	₩ 5,797,568

(*) Net Asset value is based on the share of ownership.

(In millions of Korean Won)

Investee	December 31, 2011 Acquisition cost	Net asset value of investee	Book value
Samsung Card	₩ 1,538,540	₩ 2,167,986	₩ 2,184,855
Samsung Electro-Mechanics	359,237	883,680	799,792
Samsung SDI	423,722	1,242,699	1,185,509
Samsung SDS	17,967	643,578	632,593
Samsung Techwin	174,531	417,708	370,379
Samsung LED	180,916	311,545	340,145
Others	269,787	354,602	371,909
Total	₩ 2,964,700	₩ 6,021,798	₩ 5,885,182

2) Joint Ventures

(In millions of Korean Won)

Investee	June 30, 2012 Acquisition cost	Net asset value of investee(*)	Book value
Samsung Corning Precision Materials	₩ 297,165	₩ 3,029,717	₩ 2,897,483
Samsung Corning Advanced Glass	115,000	114,197	114,197
Others	419,461	104,822	187,672
Total	₩ 831,626	₩ 3,248,736	₩ 3,199,352

(*) Net Asset value is based on the share of ownership.

(In millions of Korean Won)

Investee	December 31, 2011 Acquisition cost	Net asset value of investee	Book value
Samsung Corning Precision Materials	₩ 297,165	₩ 3,191,077	₩ 3,089,298
Samsung Corning Advanced Glass	-	-	-
Others	419,461	145,870	229,689
Total	₩ 716,626	₩ 3,336,947	₩ 3,318,987

(D) Gain/loss on valuation of equity

1) For the six-months ended June 30, 2012

	Balance at January 1	Gain/loss on valuation	Other comprehensive gains	Others(*)	Balance at June 30
Samsung Card	₩ 2,184,855	₩ 243,847	₩ (194,641)	₩ (30,252)	₩ 2,203,809
Samsung Electro-Mechanics	799,792	48,515	8,039	(18,416)	837,930
Samsung SDI	1,185,509	42,900	(9,954)	(13,250)	1,205,205
Samsung SDS	632,593	33,161	1,298	(4,654)	662,398
Samsung Techwin	370,379	22,391	(19,656)	(17,954)	355,160
Samsung LED	340,145	(22,519)	(712)	(316,914)	-
Samsung Corning Precision Materials	3,089,298	300,736	5,445	(497,996)	2,897,483
Samsung Corning Advanced Glass	-	(803)	-	115,000	114,197
Others	601,598	(32,123)	(5,838)	157,101	720,738
Total	₩ 9,204,169	₩ 636,105	₩ (216,019)	₩ (627,335)	₩ 8,996,920

(*) Others consist of acquisition, disposal, dividends, changes in business combination and foreign exchange rates.

2) For the six-months ended June 30, 2011

	Balance at January 1	Gain/loss on valuation	Other comprehensive gains	Others(*)	Balance at June 30
Samsung Card	₩ 2,201,154	₩ 75,111	₩ 8,433	₩(64,424)	₩ 2,220,274
Samsung Electro-Mechanics	793,932	33,681	(9,748)	(17,684)	800,181
Samsung SDI	1,172,130	32,299	21,344	(23,897)	1,201,876
Samsung SDS	569,678	35,265	(1,701)	(3,913)	599,329
Samsung Techwin	269,360	53,834	14,424	(8,860)	328,758
Samsung LED	306,005	10,207	(2,116)	-	314,096
Samsung Corning Precision Materials	2,599,010	562,979	(3,576)	(199,943)	2,958,470
Others	424,021	(17,109)	(1,942)	58,458	463,428
Total	₩ 8,335,290	₩ 786,267	₩ 25,118	₩(260,263)	₩ 8,886,412

(*) Others include acquisition, disposal, dividends and changes in foreign exchange rates.

(E) Financial information of major associates and joint ventures

1) Associates

(1)

(In millions of Korean Won)	**As of June 30, 2012**	
Investee	**Assets**	**Liabilities**
Samsung Card	₩ 14,996,599	₩ 8,799,623
Samsung Electro-Mechanics	6,771,114	3,040,507
Samsung SDI	8,589,595	2,167,172
Samsung SDS	4,332,910	1,227,414
Samsung Techwin	3,427,007	1,859,169

(In millions of Korean Won)	**For the three-months ended June 30, 2012**		**For the six-months ended June 30, 2012**	
Investee	**Sales**	**Net Income**	**Sales**	**Net Income**
Samsung Card	₩ 910,839	₩ 182,155	₩ 2,237,399	₩ 690,891
Samsung Electro-Mechanics	1,907,903	135,165	3,655,612	204,671
Samsung SDI	1,477,401	105,329	2,854,093	217,340
Samsung SDS	1,454,970	93,235	2,672,867	145,009
Samsung Techwin	753,494	41,244	1,388,446	76,458

(2)

(In millions of Korean Won)	**As of December 31, 2011**	
Investee	**Assets**	**Liabilities**
Samsung Card	₩ 16,135,253	₩ 9,991,910
Samsung Electro-Mechanics	7,455,731	3,579,943
Samsung SDI	8,527,411	2,212,884
Samsung SDS	4,027,597	1,057,695
Samsung Techwin	3,223,454	1,582,808
Samsung LED	1,454,193	831,104

(In millions of Korean Won)	**For the three-months ended June 30, 2011**		**For the six-months ended June 30, 2011**	
Investee	**Sales**	**Net Income**	**Sales**	**Net Income**
Samsung Card	₩ 798,709	₩ 111,004	₩ 1,609,456	₩ 212,935
Samsung Electro-Mechanics	1,681,721	54,125	3,395,427	139,692
Samsung SDI	1,349,402	86,513	2,558,447	165,226
Samsung SDS	1,185,071	82,062	2,230,244	152,202
Samsung Techwin	791,456	130,595	1,434,837	173,767
Samsung LED	282,365	1,511	597,982	21,996

2) Joint Ventures – A listing of interests in significant joint ventures and the proportion of ownership interest held in jointly controlled entities is as follows:

(1)

	As of June 30, 2012			
(In millions of Korean Won)	**Samsung Corning Precision Materials**	**Samsung Corning Advanced Glass**	**Others**	**Total**
Current Assets	₩ 1,573,311	₩ 126,723	₩ 220,282	₩ 1,920,316
Non-Current Assets	1,690,497	27,535	386,611	2,104,643
Total Assets	3,263,808	154,258	606,893	4,024,959
Current Liabilities	185,088	40,001	194,184	419,273
Non-Current Liabilities	49,003	60	307,888	356,951
Net Assets	3,029,717	114,197	104,821	3,248,735

	For the three-months ended June 30, 2012			
(In millions of Korean Won)	**Samsung Corning Precision Materials**	**Samsung Corning Advanced Glass**	**Others**	**Total**
Sales	₩ 388,412	₩ 2,218	₩ 197,165	₩ 587,795
Expense	210,738	3,021	224,082	437,841
Net income	177,674	(803)	(26,917)	149,954

	For the six-months ended June 30, 2012			
(In millions of Korean Won)	**Samsung Corning Precision Materials**	**Samsung Corning Advanced Glass**	**Others**	**Total**
Sales	₩ 755,119	₩ 2,218	₩ 406,350	₩ 1,163,687
Expense	424,219	3,021	427,574	854,814
Net income	330,900	(803)	(21,224)	308,873

(2)

	As of December 31, 2011			
(In millions of Korean Won)	Samsung Corning Precision Materials	Siltronic Samsung Wafer	Others	Total
Current Assets	₩ 1,759,181	₩ 100,952	₩ 176,899	₩ 2,037,032
Non-Current Assets	1,742,956	343,751	40,346	2,127,053
Total Assets	3,502,137	444,703	217,245	4,164,085
Current Liabilities	251,287	76,932	138,217	466,436
Non-Current Liabilities	59,773	300,929	-	360,702
Net Assets	3,191,077	66,842	79,028	3,336,947

	For the three-months ended June 30, 2011			
(In millions of Korean Won)	Samsung Corning Precision Materials	Siltronic Samsung Wafer	Others	Total
Sales	₩ 574,857	₩ 36,690	₩ 204,384	₩ 815,931
Expense	282,080	46,682	198,570	527,332
Net income	292,777	(9,992)	5,814	288,599

	For the six-months ended June 30, 2011			
(In millions of Korean Won)	Samsung Corning Precision Materials	Siltronic Samsung Wafer	Others	Total
Sales	₩ 1,133,699	₩ 75,135	₩ 391,634	₩ 1,600,468
Expense	550,357	94,673	384,622	1,029,652
Net income	583,342	(19,538)	7,012	570,816

(F) Market value information of publicly listed associates as of June 30, 2012 and December 31, 2011 is as follows:

		June 30, 2012	December 31, 2011
(In millions of Korean Won)	Number of shares held	Market value	Market value
Samsung SDI	9,282,753	₩ 1,406,337	₩ 1,239,248
Samsung Electro-Mechanics	17,693,084	1,875,467	1,374,753
Samsung Card	43,393,170	1,384,242	1,687,994
Samsung Techwin	13,526,935	1,042,927	719,633

7. Property, Plant and Equipment

Changes in property, plant and equipment for the six-months ended June 30, 2012 and 2011, consist of the following:

(In millions of Korean won)	**June 30, 2012**	**June 30, 2011**
Net book value at January 1	₩ 62,043,951	₩ 52,964,594
Acquisition and capital expense	13,947,997	11,174,006
Acquisition arising from business combinations	701,098	121,285
Sale/ Disposal / Impairment	(354,925)	(163,685)
Depreciation	(7,231,790)	(6,127,464)
Others	(266,733)	(588,088)
Net book value at June 30	₩ 68,839,598	₩ 57,380,648

The depreciation expense relating to property, plant and equipment for the six-months ended June 30, 2012 and 2011, is allocated to the following accounts:

(In millions of Korean won)	**June 30, 2012**	**June 30, 2011**
Cost of sales	₩ 6,691,435	₩ 5,638,659
Selling, general and administrative expenses	204,774	180,659
Research and development expenses, etc	335,581	308,146
Total	₩ 7,231,790	₩ 6,127,464

8. Intangible Assets

Changes in intangible assets for the six-months ended June 30, 2012 and 2011, consist of the following:

(In millions of Korean won)	**June 30, 2012**	**June 30, 2011**
Net book value at January 1	₩ 3,355,236	₩ 2,779,439
Internally generated development cost	178,481	179,440
External acquisition	143,267	164,386
Acquisition arising from business combinations	182,509	434,905
Amortization	(378,669)	(300,339)
Sale/ Disposal / Impairment	(5,352)	(3,174)
Others	197,452	72,707
Net book value at June 30	₩ 3,672,924	₩ 3,327,364

The amortization expense relating to intangible assets for the six-months ended June 30, 2012 and 2011, is allocated to the following accounts:

(In millions of Korean won)	**June 30, 2012**	**June 30, 2011**
Cost of sales	₩ 162,137	₩ 125,398
Selling, general and administrative expenses	167,251	131,698
Research and development expenses, etc	49,281	43,243
Total	₩ 378,669	₩ 300,339

9. Borrowings

Borrowings as of June 30, 2012 and December 31, 2011, consist of the following:

(In millions of Korean Won)	Financial Institutions	Annual Interest Rates (%) as of June 30, 2012	June 30, 2012	December 31, 2011
Short-term Borrowings				
Collateralized borrowings[1]	Woori Bank etc	0.9 ~ 5.8	₩ 3,752,912	₩ 4,878,383
Borrowings without collateral	Citi Bank etc	0.4 ~ 14.0	3,930,718	4,775,339
Total			₩ 7,683,630	₩ 9,653,722
Current Portion of long-term Borrowings				
Bank borrowings	DBJ etc	1.4 ~ 2.8	₩ 383,275	₩ 10,820
Financial lease liabilities[2]	APCI etc	2.2 ~ 15.7	13,911	13,936
Total			₩ 397,186	₩ 24,756
Long-term Borrowings				
Bank borrowings	Sumitomo Bank etc	0.7 ~ 6.0	₩ 3,849,058	₩ 3,559,554
Financial lease liabilities[2]	APCI etc	2.2 ~ 15.7	115,665	122,918
Total			₩ 3,964,723	₩ 3,682,472

[1] Collateralized borrowings are secured by trade receivables.

[2] The ownership of leased assets has been pledged as collateral for financial lease liabilities.

10. Debentures

Debentures as of June 30, 2012 and December 31, 2011, consist of the following:

(In millions of Korean Won)	Ref.	June 30, 2012	December 31, 2011
Korea Won denominated debenture	(A)	₩ 697,524	₩ 1,197,079
Foreign currency denominated debenture	(B)	1,223,058	83,045
Total		₩ 1,920,582	₩ 1,280,124

(A) Korean Won denominated debentures as of June 30, 2012 and December 31, 2011, consist of the following:

(In millions of Korean Won)	Issue Date	Due Date	Annual Interest Rates (%) as of June 30, 2012	June 30, 2012	December 31, 2011
Public offered non-guaranteed bond	2010.6.17	2013.6.17	4.7	₩ 500,000	₩ 500,000
〃	2011.11.17	2014.11.17	4.1	500,000	500,000
〃	2011.11.17	2016.11.17	4.2	200,000	200,000
Current portion				₩ (500,000)	₩ -
Less: Discounts				₩ (2,476)	₩ (2,921)
Total				₩ 697,524	₩ 1,197,079

The above Korean Won denominated debentures were issued by Samsung Mobile Display, one of SEC's domestic subsidiaries. Repayment of these debentures is due on the date of maturity.

(B) Debentures denominated in foreign currencies as of June 30, 2012 and December 31, 2011, consist of the following:

(In millions of Korean Won)	Issue Date	Due Date	Annual Interest Rates (%) as of June 30, 2012	June 30, 2012	December 31, 2011
US dollar denominated straight bonds[1]	1997.10.2	2027.10.1	7.7	₩ 92,304 (USD 80M)	₩ 92,264 (USD 80M)
US dollar denominated unsecured bonds[2]	2012.4.10	2017.4.10	1.8	1,153,800 (USD 1,000M)	-
Current portion				₩ (5,550)	₩ (5,536)
Less: Discounts				₩ (17,496)	₩ (3,683)
Total				₩ 1,223,058	₩ 83,045

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

[2]Samsung Electronics America issued dollar denominated unsecured bonds.

Repayment of these debentures is due on the date of maturity and interest is paid semi-annually.

11. Retirement benefit obligations

Expense details for defined benefit plans recognized in the consolidated income statements for the six-months ended June 30, 2012 and 2011, consist of the following:

(In millions of Korean Won)	**June 30, 2012**	**June 30, 2011**
Current service cost	₩ 331,432	₩ 259,010
Interest cost	96,404	83,860
Expected return on plan assets	(52,749)	(50,771)
Actuarial gains and losses	20,747	432
The effect of settlement or curtailment	9,206	1,092
Total	₩ 405,040	₩ 293,623

(In millions of Korean Won)	**June 30, 2012**	**June 30, 2011**
Cost of sales	₩ 160,734	₩ 118,227
Selling, general and administrative expenses	101,134	66,972
Research and development expenses, etc	143,172	108,424
Total	₩ 405,040	₩ 293,623

The amounts recognized in the consolidated statements of financial position as of June 30, 2012 and December 31, 2011, are as follows:

(In millions of Korean Won)	**June 30, 2012**	**December 31, 2011**
Present value of funded defined benefit obligation	₩ 3,907,298	₩ 3,271,629
Fair value of plan assets	(2,365,474)	(2,423,152)
Subtotal	1,541,824	848,477
Present value of unfunded defined benefit obligation	31,671	258,711
Unrecognized actuarial gains or losses	(798,101)	(688,702)
Total	₩ 775,394	₩ 418,486

12. Provisions

The changes in the liability provisions during the six-month period ended June 30, 2012, are as follows:

(In millions of Korean Won)

	Ref.	Balance at January 1, 2012	Increase	Decrease	Others[1]	Balance at June 30, 2012
Warranty	(A)	₩ 1,680,534	₩ 1,130,183	₩ (892,246)	₩ (34,281)	₩ 1,884,190
Royalty expenses	(B)	1,590,079	850,770	(132,558)	(6,099)	2,302,192
Long-term incentives	(C)	510,901	93,628	(134,138)	(7,453)	462,938
Reserve for bonus	(D)	-	1,395,855	-	-	1,395,855
Others		96,245	6,250	-	(2,848)	99,647
Total		₩ 3,877,759	₩ 3,476,686	₩ (1,158,942)	₩ (50,681)	₩ 6,144,822

[1] Others include amounts from changes in foreign currency exchange rates.

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

(B) The Company makes provisions for estimated royalty expenses related to technical assistance agreements that have not been settled. The timing of payment depends on the settlement of agreement.

(C) The Company has a long-term incentive plans for its executives based on a three-year management performance criteria and has made a provision for the estimated incentive cost for the accrued period.

(D) The Company provides bonuses for its executives and employees, which are determined based on current-period performance. The estimated bonus cost for the accrued period has been recognized as a provision.

13. Commitments and Contingencies

(A) Guarantees

(In millions of Korean Won)	June 30, 2012	December 31, 2011
Guarantees of debt for housing rental(*)	₩ 109,691	₩ 153,989

(*) Represents the maximum amount of debt guarantee, which was provided for employees who took debt from financial institutions in order to finance employee housing rental.

(B) Litigation

Based on the agreement entered into on September, 1999 with respect to Samsung Motor Inc.'s ("SMI") bankruptcy proceedings, Samsung Motor Inc.'s creditors ("the Creditors") filed a civil action lawsuit against Mr. Kun Hee Lee, chairman of the Company, and 28 Samsung Group affiliates including the Company under joint and several liability for failing to comply with such agreement. Under the suit, the Creditors have sought ₩2,450,000 million for loss of principal on loans extended to SMI, a separate amount for breach of the agreement, and an amount for default interest.

During Samsung Life Insurance ("SLI")'s Initial Public Offering process, SLI shares owned by the Creditors were disposed. The excess over par value of the disposed shares(₩70,000 per share) in the amount of ₩877,600 million was deposited into an escrow account and most of the claimed amount under this lawsuit was withdrawn. On January 11, 2011, the Seoul High Court ordered Samsung Group affiliates to pay ₩600,000 million and interest owed to the Creditors. 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 in January 2011. Samsung Group affiliates and the Creditors all have appealed to the Korean Supreme Court.

The litigation with Apple Inc. in multiple regions including the U.S.A. and Germany is ongoing as of the reporting date. In addition, during the normal course of business with numerous companies, the Company has been involved in various claims, disputes, and investigations conducted by regulatory bodies. Although, the outflow of resources and timing of these matters is uncertain, the Company believes the outcome will not have a material impact on the financial condition of the Company.

14. Share capital and premium

Under its Articles of Incorporation, the Company is authorized to issue 500 million shares of capital stock with a par value of ₩5,000 per share. As of June 30, 2012, the Company has issued 147,299,337 shares of common stock and 22,833,427 shares of preferred stock, excluding retired shares. Due to retirement of shares, the total par value of the shares issued is ₩850,664 million (common stock of ₩736,497 million and preferred stock of ₩114,167 million), which does not agree with paid-in capital of ₩897,514 million.

15. Retained earnings

(A) Retained earnings as of June 30, 2012 and December 31, 2011, consist of the following:

(In millions of Korean Won)		**June 30, 2012**		**December 31, 2011**
Appropriated	₩	87,915,275	₩	78,713,318
Unappropriated		18,789,934		18,829,207
Total	₩	106,705,209	₩	97,542,525

(B) On July 27, 2012, the Company declared cash dividends to shareholders of common stock and preferred stock as interim dividends for the six months ended June 30, 2012.

Details of interim dividends for the six months ended June 30, 2012 and 2011 are as follows:

(In millions of Korean won)			**June 30, 2012**		**June 30, 2011**
Number of shares eligible for dividends	Common stock		130,759,755		130,148,288
	Preferred stock		19,853,734		19,853,734
Dividend rate			10%		10%
Dividend amount	Common stock	₩	65,380	₩	65,074
	Preferred stock		9,927		9,927
	Total	₩	75,307	₩	75,001

16. Other components of equity

Other components of equity as of June 30, 2012 and December 31, 2011, consist of the following:

(In millions of Korean Won)	**June 30, 2012**	**December 31, 2011**
Treasury stock	₩ (7,386,981)	₩ (7,539,561)
Stock option	37,573	55,313
Unrealized holding gains on available-for-sale financial assets	1,666,212	1,040,849
Share of associates and joint ventures accumulated other comprehensive income	795,133	1,071,435
Foreign-currency translation differences	(1,165,922)	(834,145)
Others	1,836,844	961,942
Total	₩ (4,217,141)	₩ (5,244,167)

The Company repurchases registered common stock and non-voting preferred stock to stabilize its stock price and recognizes the amount in other components of equity. These stocks will be distributed when stock options are exercised by the option holders.

Treasury stock as of June 30, 2012 and December 31, 2011, consist of the following:

(In millions of Korean Won)	**June 30, 2012**		**December 31, 2011**	
	Preferred stock	Common stock	Preferred stock	Common stock
Number of shares	2,979,693	16,539,582	2,979,693	16,912,614
Acquisition cost	₩ 621,843	₩ 6,765,138	₩ 621,843	₩ 6,917,718

17. Transactions with non–controlling interests

Transactions with non-controlling interest for the six months ended June 30, 2012, are as follows:

(In millions of Korean Won)

Type	S-LCD	Samsung Japan	Samsung Asia Private
Acquisition date	Jan 19, 2012	April 27, 2012	April 27, 2012
Acquired non-controlling interest	50%	49%	30%
Interest after acquisition	100%	100%	100%
Acquisition cost	₩ 1,067,082	₩ 159,278	₩ 19,452
Carrying value of non-controlling interest	1,764,927	60,667	13,313
Amount recorded in other components of equity(*)	₩ 697,845	₩ (98,611)	₩ (6,139)

(*) The difference between the acquisition cost and the carrying value of non-controlling interest at the acquisition date was recorded in other components of equity attributable to owners of the Company.

18. Expenses by Nature

Expenses by nature for the three and six months ended June 30, 2012 and 2011, consist of the following:

	June 30, 2012		June 30, 2011	
(In millions of Korean Won)	3 Months	6 Months	3 Months	6 Months
Change of inventories	₩ (37,914)	₩ 250,005	₩ 65,051	₩ (129,208)
Raw materials and goods	19,661,419	39,236,222	17,917,247	35,461,799
Wages and salaries	3,452,375	6,874,787	2,972,807	5,961,910
Severance and retirement benefits	213,909	419,275	153,365	306,291
Depreciation expenses	3,741,998	7,231,790	3,148,822	6,127,464
Amortization expenses	193,091	378,669	155,233	300,339
Welfare expenses	621,608	1,160,161	529,188	973,314
Commission and service charges	1,762,251	3,101,640	1,472,264	2,984,909
Other expenses	11,594,778	22,184,854	9,251,265	17,867,996
Total(*)	₩ 41,203,515	₩ 80,837,403	₩ 35,665,242	₩ 69,854,814

(*) The sum of the above expenses equals to the sum of cost of sales, research and development expenses, and selling, general and administrative expenses in the statements of income.

19. Selling, general and administrative expenses

Selling, general and administrative expenses for the three and six months ended June 30, 2012 and 2011, consist of the following:

	June 30, 2012		June 30, 2011	
(In millions of Korean won)	3 Months	6 Months	3 Months	6 Months
Wages and salaries	₩ 1,013,265	₩ 2,039,600	₩ 848,938	₩ 1,704,028
Severance and retirement benefits	60,563	110,250	37,504	74,809
Commission and service charges	1,762,251	3,101,640	1,472,264	2,984,909
Depreciation expenses	104,966	204,774	90,930	180,659
Amortization expenses	86,206	167,251	68,705	131,698
Advertising expenses	1,158,655	1,912,642	677,402	1,071,975
Sales promotion expenses	1,430,759	2,404,912	1,035,776	1,842,368
Transportation expenses	961,435	1,791,652	958,911	1,837,037
Warranty	732,697	1,534,854	521,387	1,102,389
Public relation expenses	177,861	281,020	119,584	201,131
Others	870,729	1,577,925	542,596	1,034,048
Total	₩ 8,359,387	₩ 15,126,520	₩ 6,373,997	₩12,165,051

20. Other operating income and expense

Other operating income for the three and six months ended June 30, 2012 and 2011, consists of the following:

	June 30, 2012		June 30, 2011	
(In millions of Korean won)	3 Months	6 Months	3 Months	6 Months
Dividend income	₩ 15,295	₩ 54,816	₩ 4,903	₩ 31,583
Commission income	31,800	96,703	6,688	11,822
Rental income	24,123	48,941	20,451	43,887
Gain on disposal of investments	61,600	83,543	31,756	47,300
Gain on disposal of property, plant and equipment	26,605	53,253	8,300	68,790
Other	348,154	557,341	184,820	363,291
Total	₩ 507,577	₩ 894,597	₩ 256,918	₩ 566,673

Other operating expense for the three and six months ended June 30, 2012 and 2011, consist of the following:

	June 30, 2012		June 30, 2011	
(In millions of Korean won)	3 Months	6 Months	3 Months	6 Months
Other bad debts expense	₩ 5,863	₩ 13,056	₩ 807	₩ 3,616
Loss from disposal of property, plant and equipment	44,334	124,919	24,778	38,377
Donations	52,755	71,249	68,480	100,376
Other	73,976	140,906	184,585	292,945
Total	₩ 176,928	₩ 350,130	₩ 278,650	₩ 435,314

21. Finance income and expenses

Finance income and expenses for the three and six months ended June 30, 2012 and 2011, consists of the following:

	June 30, 2012		June 30, 2011	
(In millions of Korean won)	**3 Months**	**6 Months**	**3 Months**	**6 Months**
Finance income				
Interest income:	₩ 192,917	₩ 378,635	₩ 165,216	₩ 315,072
- Interest income from loans and receivables	191,302	376,064	164,065	312,825
- Interest income from available-for-sale financial assets	1,615	2,571	1,151	2,247
Foreign exchange gains	1,948,141	3,619,328	1,252,791	2,162,132
Gains on valuation of derivatives	11,796	27,996	1,676	25,761
Gains on derivatives transaction	165,791	328,100	69,709	138,847
Finance income	₩ 2,318,645	₩ 4,354,059	₩ 1,489,392	₩ 2,641,812
Finance expenses				
Interest expense:	₩ 156,651	₩ 312,028	₩ 148,131	₩ 286,388
- Interest expense from financial liabilities measured at amortized cost	76,679	141,304	62,848	126,719
- Other financial liabilities	79,972	170,724	85,283	159,669
Foreign exchange losses	2,316,915	3,759,330	1,228,999	2,068,286
Losses on valuation of derivatives	8,471	45,417	32,831	56,583
Losses on derivatives transaction	99,437	367,629	77,385	164,894
Finance expenses	₩ 2,581,474	₩ 4,484,404	₩ 1,487,346	₩ 2,576,151

The company recognizes foreign exchange gains and losses arising from foreign currency transactions and translation as financial income and expenses.

22. Income Tax

Income tax expense is recognized based on management's best estimate of the average annual income tax rate expected for the full financial year. The estimated average annual tax rate for FY 2012 is 21.7% (the estimated tax rate for the period ended June 30, 2011: 16.7%). The primary reason for the increase in estimated average annual tax rate for FY 2012 is the proportionate decrease in tax credits relative to taxable income compared to FY 2011.

23. Earnings Per Share

Basic earnings per share is calculated by dividing net income from the current period by the weighted-average number of common shares, which excludes treasury stocks.

Basic earnings per share for the three and six months ended June 30, 2012 and 2011, are calculated as follows:

(In millions of Korean Won, except for share amounts)	June 30, 2012		June 30, 2011	
	3 Months	6 Months	3 Months	6 Months
Net profit attributable to owners of the parent	₩ 5,049,042	₩ 9,909,936	₩ 3,456,956	₩ 6,171,601
Net profit available for common stock	4,383,267	8,603,186	2,995,541	5,347,020
Weighted-average number of common shares outstanding (in thousands)	130,752	130,600	130,141	130,087
Basic earnings per share (in Korean Won)	₩ 33,522	₩ 65,874	₩ 23,018	₩ 41,104

(In millions of Korean Won, except for share amounts)	June 30, 2012		June 30, 2011	
	3 Months	6 Months	3 Months	6 Months
Net profit attributable to owners of the parent	₩ 5,049,042	₩ 9,909,936	₩ 3,456,956	₩ 6,171,601
Net income available for preferred stock	665,775	1,306,750	461,415	824,581
Weighted-average number of preferred shares outstanding (in thousands)	19,854	19,854	19,854	19,854
Basic earnings per preferred share (in Korean Won)	₩ 33,534	₩ 65,819	₩ 23,240	₩ 41,532

Diluted earnings per share for the three and six months ended June 30, 2012 and 2011, are calculated as follows:

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares. The company has one category of dilutive potential ordinary shares: Stock options.

(In millions of Korean Won, except for share amounts)	June 30, 2012		June 30, 2011	
	3 Months	6 Months	3 Months	6 Months
Net profit available for common stock and common equivalent shares	₩ 4,383,803	₩ 8,604,202	₩ 2,995,541	₩ 5,347,020
Weighted-average number of shares of common stock and common shares equivalent (in thousands)	130,874	130,718	130,400	130,353
Diluted earnings per share (in Korean Won)	₩ 33,496	₩ 65,823	₩ 22,972	₩ 41,020

(In millions of Korean Won, except for share amounts)	June 30, 2012		June 30, 2011	
	3 Months	6 Months	3 Months	6 Months
Net profit available for preferred stock and preferred equivalent shares	₩ 665,239	₩ 1,305,734	₩ 461,415	₩ 824,581
Weighted-average number of shares of preferred stock and preferred shares equivalent (in thousands)	19,854	19,854	19,854	19,854
Diluted earnings per preferred share (in Korean won)	₩ 33,507	₩ 65,768	₩ 23,240	₩ 41,532

24. Cash generated from operations

Cash flows from operating activities for the six months ended June 30, 2012 and 2011, consist of the following:

(In millions of Korean Won)		**June 30, 2012**		**June 30, 2011**
Adjustments for:				
Tax expense	₩	2,838,439	₩	1,261,242
Finance income		(1,075,229)		(979,855)
Finance costs		1,260,725		793,428
Severance and retirement benefits		419,275		306,291
Depreciation expenses		7,231,790		6,127,464
Amortization expenses		378,669		300,339
Bad debt expenses and others		114,294		30,593
Share of profit or loss of associates and joint ventures		(636,105)		(786,267)
Gain on disposal of property, plant and equipment		(53,253)		(68,790)
Loss on disposal of property, plant and equipment		124,919		38,377
Obsolescence and scrappage of inventories		673,660		420,073
Other income/expense		(152,667)		(81,179)
Adjustments, total	₩	11,124,517	₩	7,361,716
Changes in assets and liabilities:				
Increase in trade receivables	₩	(2,074,503)	₩	(1,183,086)
(Increase)/ decrease in other receivables		(183,566)		319,701
Increase in advances		(146,654)		(21,661)
Decrease in prepaid expenses		83,152		142,961
Increase in inventories		(2,434,086)		(1,258,621)
Increase/ (decrease) in trade payables		(117,775)		236,922
Decrease in other payables		(1,132,845)		(1,026,452)
Increase/ (decrease) in advance received		46,606		(8,991)
Increase/(decrease) in withholdings		(248,789)		554,865
Decrease in accrued expenses		(1,132,418)		(1,921,472)
Increase in provisions		2,238,850		1,669,509
Payment of severance benefits		(129,394)		(89,460)
Other		(445,949)		(272,384)
Changes in operating assets and liabilities, total	₩	(5,677,371)	₩	(2,858,169)

25. Segment Information

The management (Management Committee) is responsible for making strategic decisions and also decisions regarding the Company's operating segments. In addition, the Management Committee evaluates performance of each operating segment based on the segment's operating profit and also allocates resources to the segments.

The operating segments include CE, IM, Semiconductor, LCD and others.
Operating segment information for the three and six months ended June 30, 2011 has been adjusted to reflect the organizational change.

Depreciation, amortization on intangible assets, and operating profit were prepared after the allocation of internal transaction adjustments.
Assets and liabilities of each operating segment are excluded as it has not been provided regularly to the Management Committee.

(A) The segment information provided to the Management Committee for the reportable segments for the three and six months ended June 30, 2012 and 2011, consists of the following:

1) For the six-months ended June 30, 2012:

June 30, 2012	**DMC**			**DS**					
(In millions of Korean Won)	**Total[1]**	**CE**	**IM**	**Total[1]**	**Semi conductor**	**LCD**	**Total**	**Elimination**	**Consoli-dated**
Total segment Revenue	₩152,540,732	₩51,557,309	₩98,769,312	₩68,782,921	₩31,769,764	₩36,499,608	₩219,135,246	₩ (126,267,750)	₩92,867,496
Inter-segment Revenue	(81,719,753)	(28,661,575)	(51,502,905)	(35,415,580)	(15,195,885)	(19,714,238)	(126,267,750)	126,267,750	-
Revenue from external customers	70,820,979	22,895,734	47,266,407	33,367,341	16,573,879	16,785,370	92,867,496	-	92,867,496
Depreciation	652,846	277,346	227,034	6,525,499	4,357,174	2,145,965	7,231,790	-	7,231,790
Amortization	184,189	36,291	93,292	127,236	86,091	36,898	378,669	-	378,669
Operating profit(loss)	9,666,926	1,240,846	8,460,955	2,942,455	1,871,567	1,033,442	12,574,560	-	12,574,560

[1] Other Segment Information (Segment Information not listed above) is not presented separately.

2) For the three-months ended June 30, 2012:

June 30, 2012	**DMC**			**DS**					
(In millions of Korean Won)	**Total[1]**	**CE**	**IM**	**Total[1]**	**Semi conductor**	**LCD**	**Total**	**Elimination**	**Consoli-dated**
Total segment Revenue	₩78,863,232	₩27,575,529	₩50,153,751	₩34,715,076	₩16,048,795	₩17,931,579	₩112,430,195	₩(64,833,216)	₩47,596,979
Inter-segment Revenue	(42,293,544)	(15,428,403)	(26,109,902)	(17,680,756)	(7,452,150)	(9,682,073)	(64,833,216)	64,833,216	-
Revenue from external customers	36,569,688	12,147,126	24,043,849	17,034,320	8,596,645	8,249,506	47,596,979	-	47,596,979
Depreciation	334,649	139,586	120,290	3,356,616	2,272,764	1,067,758	3,741,998	-	3,741,998
Amortization	94,586	18,199	48,177	64,640	42,719	18,866	193,091	-	193,091
Operating profit(loss)	4,896,899	758,332	4,187,234	1,877,857	1,109,552	754,764	6,724,113	-	6,724,113

[1]Other Segment Information (Segment Information not listed above) is not presented separately.

3) For the six-months ended June 30, 2011:

June 30, 2011	**DMC**			**DS**					
(In millions of Korean Won)	**Total[1]**	**CE**	**IM**	**Total[1]**	**Semi conductor**	**LCD**	**Total**	**Elimination**	**Consoli-dated**
Total segment Revenue	₩107,748,374	₩47,440,014	₩58,393,992	₩62,929,842	₩35,092,241	₩27,486,248	₩169,270,265	₩(92,846,394)	₩76,423,871
Inter-segment Revenue	(56,471,425)	(25,644,783)	(29,670,686)	(31,256,821)	(16,757,880)	(13,881,730)	(92,846,394)	92,846,394	-
Revenue from external customers	51,276,949	21,795,231	28,723,306	31,673,021	18,334,361	13,604,518	76,423,871	-	76,423,871
Depreciation	581,247	302,919	166,096	5,544,540	3,623,856	1,910,312	6,127,464	-	6,127,464
Amortization	103,026	11,474	77,617	97,713	64,726	29,330	300,339	-	300,339
Operating profit(loss)	3,730,030	520,375	3,166,715	3,017,071	3,435,929	(442,627)	6,700,416	-	6,700,416

[1] Other Segment Information (Segment Information not listed above) is not presented separately.

4) For the three-months ended June 30, 2011:

June 30, 2011	DMC			DS					
(In millions of Korean Won)	**Total[1]**	**CE**	**IM**	**Total[1]**	**Semi conductor**	**LCD**	**Total**	**Elimination**	**Consoli-dated**
Total segment Revenue	₩55,369,643	₩24,325,537	₩30,044,699	₩32,234,566	₩17,577,794	₩14,432,592	₩86,868,791	₩(47,429,937)	₩39,438,854
Inter-segment Revenue	(28,596,337)	(13,007,478)	(15,011,944)	(16,111,650)	(8,419,207)	(7,341,357)	(47,429,937)	47,429,937	-
Revenue from external customers	26,773,306	11,318,059	15,032,755	16,122,916	9,158,587	7,091,235	39,438,854	-	39,438,854
Depreciation	290,607	153,745	82,622	2,857,250	1,865,677	985,580	3,148,822	-	3,148,822
Amortization	55,332	8,166	40,100	49,850	32,819	15,124	155,233	-	155,233
Operating profit(loss)	2,187,209	455,920	1,709,071	1,592,479	1,791,262	(213,373)	3,751,880	-	3,751,880

[1] Other Segment Information (Segment Information not listed above) is not presented separately.

(B) The regional segment information provided to the Management Committee for the reportable segments for the three and six months ended June 30, 2012 and 2011, consist of the following:

1) As of and for the six-months ended June 30, 2012:

(In millions of Korean Won)	**Korea**	**America**	**Europe**	**Asia and Africa**	**China**	**Eliminations**	**Consolidated**
Total segment revenue	₩85,456,220	₩34,947,054	₩33,771,809	₩26,771,512	₩38,188,651	₩(126,267,750)	₩92,867,496
Inter segment revenue	(70,168,844)	(9,999,988)	(11,558,744)	(9,283,331)	(25,256,843)	126,267,750	-
Revenue from external customers	15,287,376	24,947,066	22,213,065	17,488,181	12,931,808	-	92,867,496
Non-current assets[1]	60,007,433	7,712,510	942,364	1,601,420	2,510,828	(262,033)	72,512,522

[1]The non-current assets exclude financial instruments, deferred tax assets and associates and joint ventures.

2) As of and for the three-months ended June 30, 2012:

(In millions of Korean Won)	**Korea**	**America**	**Europe**	**Asia and Africa**	**China**	**Eliminations**	**Consolidated**
Total segment revenue	₩43,948,414	₩18,293,329	₩17,235,441	₩13,965,060	₩18,987,951	₩(64,833,216)	₩47,596,979
Inter segment revenue	(36,703,459)	(5,248,248)	(5,700,517)	(4,801,997)	(12,378,995)	64,833,216	-
Revenue from external customers	7,244,955	13,045,081	11,534,924	9,163,063	6,608,956	-	47,596,979
Non-current assets[1]	60,007,433	7,712,510	942,364	1,601,420	2,510,828	(262,033)	72,512,522

[1]The non-current assets exclude financial instruments, deferred tax assets and associates and joint ventures.

3) As of and for the six-months ended June 30, 2011:

(In millions of Korean Won)	**Korea**	**America**	**Europe**	**Asia and Africa**	**China**	**Eliminations**	**Consolidated**
Total segment revenue	₩66,198,696	₩31,120,312	₩27,289,161	₩18,305,783	₩26,356,313	₩ (92,846,394)	₩76,423,871
Inter segment revenue	(52,450,458)	(9,026,672)	(10,885,685)	(5,103,895)	(15,379,684)	92,846,394	-
Revenue from external customers	13,748,238	22,093,640	16,403,476	13,201,888	10,976,629	-	76,423,871
Non-current assets[1]	50,026,556	6,831,542	1,105,674	1,144,057	1,709,915	(109,732)	60,708,012

[1]The non-current assets exclude financial instruments, deferred tax assets and associates and joint ventures.

4) As of and for the three-months ended June 30, 2011:

(In millions of Korean Won)	**Korea**	**America**	**Europe**	**Asia and Africa**	**China**	**Eliminations**	**Consolidated**
Total segment revenue	₩34,234,750	₩16,620,076	₩12,975,774	₩9,665,015	₩13,373,176	₩(47,429,937)	₩39,438,854
Inter segment revenue	(27,279,076)	(4,799,533)	(4,977,586)	(2,712,328)	(7,661,414)	47,429,937	-
Revenue from external customers	6,955,674	11,820,543	7,998,188	6,952,687	5,711,762	-	39,438,854
Non-current assets[1]	50,026,556	6,831,542	1,105,674	1,144,057	1,709,915	(109,732)	60,708,012

[1]The non-current assets exclude financial instruments, deferred tax assets and associates and joint ventures.

26. Related-party transactions

(A) Associates

The principal associate companies are Samsung SDI Co., Ltd., Samsung Electro-mechanics, Samsung SDS, Samsung Techwin Co., Ltd., and Samsung Card Co., Ltd as of June 30, 2012.

Transactions with associates for the six-months ended June 30, 2012 and 2011, and the related receivables and payables as of June 30, 2012 and December 31, 2011, are as follows:

(In millions of Korean Won)	**2012**	**2011**
Inter-company transactions		
Sales	₩ 609,498	₩ 554,086
Purchases	4,603,728	2,422,735
Receivables and Payables		
Receivables	103,245	225,076
Payables	1,246,911	1,168,952

(B) Joint ventures

The principal joint venture companies are Samsung Corning Precision Materials and Samsung Corning Advanced Glass and etc.

Transactions with joint venture partners for the six-month ended June 30, 2012 and 2011, and the related receivables and payables as of June 30, 2012 and December 31, 2011, are as follows:

(In millions of Korean Won)	**2012**	**2011**
Inter-company transactions		
Sales	₩ 17,003	₩ 4,467
Purchases	1,431,583	1,568,442
Receivables and Payables		
Receivables	370	6,379
Payables	440,319	379,944

(C) Other related parties

Other related parties include Samsung Everland and Samsung Petrochemical. Transactions with other related parties for the six-months ended June 30, 2012 and 2011, and the related receivables and payables as of June 30, 2012 and December 31, 2011, are as follows:

(In millions of Korean Won)	**2012**	**2011**
Inter-company transactions		
Sales	₩ 52,205	₩ 35,997
Purchases	362,843	273,508
Receivables and Payables		
Receivables	244,902	244,411
Payables	172,025	172,872

(D) Key management compensation

The compensation paid or payable to key management (executive and non-executive directors, members of the Executive Committee) for employee services for the six-months ended June 30, 2012 and 2011 is shown below:

(In millions of Korean Won)	**2012**	**2011**
Salaries and other short-term benefits	₩ 3,330	₩ 12,670
Termination benefits	254	348
Other long-term benefits	2,628	2,548

27. Financial risk management

Financial risk factors

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

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

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

The Company's financial assets that are under financial risk management are composed of cash and cash equivalents, short-term financial instruments, available-for-sale financial assets, trade and other receivables and other financial assets. The Company's financial liabilities under financial risk management are composed of trade and other payables, borrowings, debentures, and other financial liabilities.

(A) Market risk

1) Foreign exchange risk

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

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

2) Price risk

The Company's investment portfolio consists of direct and indirect investments in listed and non-listed securities, which is in line with the Company's strategy. The fair values of the Company's equity securities as of June 30, 2012 and December 31, 2011 are ₩ 3,979,427million and ₩ 3,149,926 million, respectively(Refer to Note 5 for further details).

As of June 30, 2012 and December 31, 2011, price fluctuation of marketable equity securities by 1% results in changes in other comprehensive income (before income tax) by ₩ 33,588 million and ₩ 25,262 million, respectively.

3) Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk mainly arising through interest bearing liabilities and assets. The Company's position with regard to interest rate risk exposure is mainly driven by its debt obligations such as bonds, interest-bearing deposits and issuance of receivables. In order to avoid interest rate risk, the Company maintains minimum external borrowing by facilitating cash pooling systems on a regional and global basis. The Company manages exposed interest rate risk via periodic monitoring and handles risk factors on a timely basis.

(B) Credit risk

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

Credit risk can arise from transactions with financial institutions which include financial instrument transactions such as cash and cash equivalents, savings, and derivative financial instruments. To minimize such risk, the Company transacts only with banks that have strong international credit rating (S&P A and above), and all new transactions with financial institutions with no prior transaction history are approved, managed and monitored by the Company's finance team and the local financial center. The Company has separate approval procedures for contracts with restrictions.

The Company expects the credit risk exposure to be limited. As of June 30, 2012 and December 31, 2011, the maximum exposure to credit risk is the carrying value of the Company's financial assets, which excludes impairment losses.

The top five customers account for approximately 9.8% (₩ 2,364,710million) and 12.9% (₩ 2,831,801 million) as of June 30, 2012 and December 31, 2011, respectively, while the top three credit exposures by country amounted to 19.4%, 13.4% and 9.6% as of June 30, 2012 (December 31, 2011: 16.0%, 14.7% and 10.4%).

(C) Liquidity risk

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

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

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

(D) Capital risk management

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

The Company's capital risk management policy has not changed since the financial year ended December 31, 2011. The Company has maintained an A and A1 credit rating from S & P and Moody's, respectively, on its long term debt.

The total liabilities to equity ratios at June 30, 2012 and December 31, 2011 were as follows:

(In millions of Korean Won)	**June 30, 2012**	**December 31, 2011**
Total liabilities	₩ 56,035,900	₩ 53,785,931
Total equity	110,264,109	101,845,323
	50.8%	52.8%

28. Spin-Off of LCD division

During the six-month ended June 30, 2012, the company established Samsung Display Corporation through spin-off of its LCD division.

	Samsung Display Corporation
Address	Yong-In, Gyeonggi-do
Business	LCD
Date of Spin-off	April 1, 2012

29. Business Combinations

(A) Merger of Samsung LED

Following approval of the merger by the board of directors on December 26th, 2011, the Company merged with Samsung LED on April 1, 2012. The purpose of the merger is to improve management efficiency and maximize synergy with existing business segments of the Company. The approval by the Board of Directors replaces approval at shareholders' meeting, as the acquisition of Samsung LED is small scale and a non-complex merger.

1) Overview of the merged company

	Samsung LED
Headquarters location	Yong-In, Gyeonggi-do
Representative director	Nam-Sung Cho
Classification of the acquired company	Unlisted company
Relationship with the company before the merger	Associate
Date of Merger	April 1, 2012

2) Share exchange ratio

Company name	SEC	Samsung LED
Merger Ratio	1	0.0134934

The Company did not issue new shares in relation to this merger. The treasury shares of the Company were distributed to the shareholders of Samsung LED at the date of merger.

3) Purchase Price Allocation

(In millions of Korean Won)

Classification	Amount
I. Considerations transferred	
Fair value of shares before the merger(*1)	₩ 344,082
Fair value of additional considerations(*2)	344,082
Total considerations transferred	688,164
II. Identifiable assets and liabilities	
Cash and cash equivalents	54,454
Trade and other receivables	304,552
Inventories	146,141
Property, plant, and equipment	699,803
Intangible assets	59,512
Investments in associates and joint ventures	68,839
Deferred income tax assets	62,733
Other assets	47,370
Trade and other payables	157,571
Borrowings and loans	584,338
Retirement benefit obligation	30,108
Other liabilities	62,500
Total identifiable assets and liabilities	608,887
III. Goodwill(*3)	₩ 79,277

(*1) The Company re-estimated the fair value of its Samsung LED shares, which represents 50% ownership, as of April 1, 2012 and recognized gain on disposal of shares in the amount of ₩ 28,684 million.

(*2) The Company distributed 269,867 of treasury shares to carry out the merger with Samsung LED and recognized a gain on disposal of treasury shares in the amount of ₩ 233,705 million based on the estimation of fair value of the treasury shares.

(*3) Goodwill arising from the merger was recognized as the business combination will allow faster response to changes in the domestic and international business environments and strengthen manufacturing competitiveness.

4) Had Samsung LED been merged on January 1, 2012, the revenue would be increased by ₩ 293,273 million and net income would be decreased by ₩ 25,582 million. Revenue and net loss contributed by Samsung LED division after the merger date of April 1, 2012 amounts to ₩ 337,442 million and ₩ 11,074 million, respectively.

30. Events After the Reporting Period

(A) Merger of subsidiaries

On July 1, 2012, Samsung Display, a subsidiary, merged with two other subsidiaries: Samsung Mobile Display and S-LCD. S-LCD was owned 100% by Samsung Display prior to the merger.

1) Overview of merged companies

	Samsung Mobile Display	S-LCD
Headquarters location	Yong-In, Gyeonggi-do	Asan, Chung-Nam
Representative director	Soo In Cho	Dong-Geon Park
Classification of the acquired company	Unlisted company	Unlisted company
Relationship with the company	Affiliate	Subsidiary

2) Share exchange ratio and distribution

Type	Acquiring Company	Acquired Company	Acquired company
Name	Samsung Display	Samsung Mobile Display	S-LCD
Merger Ratio	1	1.6487702	-

(B) Merger of Samsung Electronics Asia Holdings (SEAH) and Samsung Asia (SAPL)

On July 1, 2012, SEAH merged with SAPL. The merger was between subsidiaries of the same controlling company and the accounting treatment for the merger was based on the carrying value in the consolidated financial statements. The merger did not result in the recognition of goodwill.

(C) Acquisition of Cambridge Silicon Radio

The Company plans to acquire Cambridge Silicon Radio, a UK based semiconductor design company, in order to expand its connectivity business. The acquisition agreement date is July 16, 2012 and the acquisition is expected to be closed on October 1, 2012 with a purchase price of USD 310 million.