

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF
SAMSUNG ELECTRONICS CO., LTD. AND ITS SUBSIDIARIES
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Independent Auditors' Review Report

[English Translation of Independent Auditors' Report Originally Issued in Korean on August 13, 2020]

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

Reviewed Financial Statements

We have reviewed the accompanying interim consolidated financial statements of Samsung Electronics Co., Ltd. and its subsidiaries. The interim consolidated financial statements consist of the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of profit or loss and comprehensive income for the three-month and the six-month period ended June 30, 2020, changes in equity and cash flows for the six-month period ended June 30, 2020, all expressed in Korean won, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express a conclusion on the accompanying interim consolidated financial statements based on our review.

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



Conclusion

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

Other Matters

The accompanying interim consolidated statements of profit or loss and comprehensive income for the three-month and the six-month period ended June 30, 2019, and changes in equity and cash flows for the six-month period ended June 30, 2019, for comparative purpose, were reviewed by other auditors, whose report thereon dated August 14, 2019, expressed that nothing came to their attention that caused them to believe that those interim consolidated financial statements as of June 30, 2019, were not prepared, in all material respects, in accordance with K-IFRS No.1034 *Interim Financial Reporting*.

The consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by other auditors, whose report thereon dated February 21, 2020, expressed an unqualified opinion. The accompanying statement of financial position as of December 31, 2019, presented for comparative purposes, is not different from that audited by other auditors in all material respects.

A handwritten signature in black ink that reads "Deloitte Idunjin LLC".

Seoul, Korea

August 13, 2020

Notice to Readers

This report is effective as of August 13, 2020, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the financial statements and may result in modifications to the auditors' report.

Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In millions of Korean won, in thousands of US dollars (Note 2.3))

		June 30,	December 31,	June 30,	December 31,
	Notes	2020	2019	2020	2019
		KRW	KRW	USD	USD
Assets					
Current assets					
Cash and cash equivalents	3, 25	36,109,613	26,885,999	29,923,736	22,280,204
Short-term financial instruments	3, 25	75,127,611	76,252,052	62,257,626	63,189,441
Short-term financial assets at amortized cost	3, 25	1,224,565	3,914,216	1,014,787	3,243,678
Short-term financial assets at fair value through profit or loss	3, 4, 25	582,641	1,727,436	482,830	1,431,512
Trade receivables	3, 25	32,989,762	35,131,343	27,338,341	29,113,052
Non-trade receivables	3, 25	3,702,782	4,179,120	3,068,465	3,463,202
Advance payments		1,486,402	1,426,833	1,231,769	1,182,405
Prepaid expenses		2,572,807	2,406,220	2,132,064	1,994,014
Inventories	5	29,645,529	26,766,464	24,567,003	22,181,146
Other current assets	3, 25	2,695,133	2,695,577	2,233,434	2,233,802
		186,136,845	181,385,260	154,250,055	150,312,456
Non-current assets					
Financial assets at fair value through other comprehensive income	3, 4, 25	9,511,923	8,920,712	7,882,451	7,392,520
Financial assets at fair value through profit or loss	3, 4, 25	1,128,261	1,049,004	934,981	869,301
Investment in associates and joint ventures	6	7,693,878	7,591,612	6,375,853	6,291,106
Property, plant and equipment	7	124,294,578	119,825,474	103,001,883	99,298,373
Intangible assets	8	19,608,254	20,703,504	16,249,197	17,156,821
Net defined benefit assets	11	184,409	589,832	152,818	488,789
Deferred income tax assets		4,441,779	4,505,049	3,680,865	3,733,297
Other non-current assets	3	4,959,572	7,994,050	4,109,956	6,624,603
		171,822,654	171,179,237	142,388,004	141,854,810
Total assets		357,959,499	352,564,497	296,638,059	292,167,266

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In millions of Korean won, in thousands of US dollars (Note 2.3))

		June 30,	December 31,	June 30,	December 31,
	Notes	2020	2019	2020	2019
		KRW	KRW	USD	USD
Liabilities and Equity					
Current liabilities					
Trade payables	3, 25	9,545,977	8,718,222	7,910,672	7,224,718
Short-term borrowings	3, 9, 25	12,776,348	14,393,468	10,587,653	11,927,747
Other payables	3, 25	10,076,985	12,002,513	8,350,714	9,946,383
Advances received	14	956,376	1,072,062	792,541	888,409
Withholdings	3	840,737	897,355	696,712	743,631
Accrued expenses	3, 14	17,803,662	19,359,624	14,753,747	16,043,159
Current income tax liabilities		3,334,471	1,387,773	2,763,248	1,150,036
Current portion of long-term liabilities	3, 9, 10, 25	788,871	846,090	653,731	701,148
Provisions	12	4,743,028	4,068,627	3,930,508	3,371,637
Other current liabilities	3, 14	997,266	1,037,030	826,425	859,378
		61,863,721	63,782,764	51,265,951	52,856,246
Non-current liabilities					
Debentures	3, 10, 25	1,010,166	975,298	837,116	808,221
Long-term borrowings	3, 9, 25	2,109,366	2,197,181	1,748,014	1,820,786
Long-term other payables	3, 25	1,986,768	2,184,249	1,646,418	1,810,069
Net defined benefit liabilities	11	531,556	470,780	440,496	390,131
Deferred income tax liabilities		17,602,407	17,053,808	14,586,968	14,132,349
Long-term provisions	12	867,382	611,100	718,792	506,413
Other non-current liabilities	3, 14	2,180,316	2,408,896	1,806,810	1,996,233
		26,287,961	25,901,312	21,784,614	21,464,202
Total liabilities		88,151,682	89,684,076	73,050,565	74,320,448

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In millions of Korean won, in thousands of US dollars (Note 2.3))

		June 30,	December 31,	June 30,	December 31,
	Notes	2020	2019	2020	2019
		KRW	KRW	USD	USD
Equity attributable to owners of the Company					
Preference shares	15	119,467	119,467	99,001	99,001
Ordinary shares	15	778,047	778,047	644,761	644,761
Share premium		4,403,893	4,403,893	3,649,469	3,649,469
Retained earnings	16	260,165,053	254,582,894	215,596,615	210,970,726
Other components of equity	17	(3,721,095)	(4,968,829)	(3,083,640)	(4,117,627)
		261,745,365	254,915,472	216,906,206	211,246,330
Non-controlling interests		8,062,452	7,964,949	6,681,288	6,600,488
Total equity		269,807,817	262,880,421	223,587,494	217,846,818
Total liabilities and equity		357,959,499	352,564,497	296,638,059	292,167,266

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(In millions of Korean won, in thousands of US dollars (Note 2.3))

	Notes	For the three month period ended June 30,				For the six month period ended June 30,			
		2020	2019	2020	2019	2020	2019	2020	2019
		KRW	KRW	USD	USD	KRW	KRW	USD	USD
Revenue	26	52,966,142	56,127,104	43,892,601	46,512,064	108,291,320	108,512,650	89,740,116	89,923,530
Cost of sales	18	31,906,198	35,944,684	26,440,401	29,787,061	66,712,892	68,691,136	55,284,419	56,923,773
Gross profit		21,059,944	20,182,420	17,452,200	16,725,003	41,578,428	39,821,514	34,455,697	32,999,757
Selling and administrative expenses	18, 19	12,913,652	13,585,355	10,701,436	11,258,071	26,984,791	26,991,167	22,362,072	22,367,356
Operating profit	26	8,146,292	6,597,065	6,750,764	5,466,932	14,593,637	12,830,347	12,093,625	10,632,401
Other non-operating income	20	290,279	360,159	240,552	298,461	605,785	681,941	502,009	565,119
Other non-operating expense	20	1,060,839	312,883	879,108	259,284	1,424,894	570,014	1,180,798	472,366
Share of net profit of associates and joint ventures	6	86,222	64,492	71,451	53,444	146,866	142,173	121,707	117,818
Financial income	21	1,769,583	3,151,583	1,466,439	2,611,691	5,560,961	5,068,119	4,608,322	4,199,908
Financial expense	21	1,461,840	2,681,052	1,211,415	2,221,765	4,955,806	4,060,224	4,106,835	3,364,674
Profit before income tax		7,769,697	7,179,364	6,438,683	5,949,479	14,526,549	14,092,342	12,038,030	11,678,206
Income tax expense	22	2,214,614	1,998,788	1,835,232	1,656,379	4,086,540	3,868,181	3,386,481	3,205,529
Profit for the period		5,555,083	5,180,576	4,603,451	4,293,100	10,440,009	10,224,161	8,651,549	8,472,677
Profit attributable to									
Owners of the Company		5,488,964	5,064,530	4,548,659	4,196,934	10,378,563	10,172,020	8,600,629	8,429,468
Non-controlling interests		66,119	116,046	54,792	96,166	61,446	52,141	50,920	43,209
Earnings per share (in Korean won, in US dollars)	23								
- Basic		808	746	0.67	0.62	1,528	1,497	1.27	1.24
- Diluted		808	746	0.67	0.62	1,528	1,497	1.27	1.24

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

Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions of Korean won, in thousands of US dollars (Note 2.3))

	Notes	For the three month period ended June 30,				For the six month period ended June 30,			
		2020	2019	2020	2019	2020	2019	2020	2019
		KRW	KRW	USD	USD	KRW	KRW	USD	USD
Profit for the period		5,555,083	5,180,576	4,603,451	4,293,100	10,440,009	10,224,161	8,651,549	8,472,677
Other comprehensive income (loss)									
Items that will not be reclassified subsequently to profit or loss:									
Gain on valuation of financial assets at fair value through other comprehensive income, net of tax	17	1,498,950	181,816	1,242,167	150,669	389,339	789,897	322,642	654,581
Share of other comprehensive income (loss) of associates and joint ventures, net of tax	17	21,823	363	18,085	301	(25,151)	(1,757)	(20,842)	(1,456)
Remeasurement of net defined benefit liabilities, net of tax	17	(4,756)	(17,226)	(3,941)	(14,275)	(37,452)	(54,460)	(31,036)	(45,131)
Items that may be reclassified subsequently to profit or loss:									
Share of other comprehensive income (loss) of associates and joint ventures, net of tax	17	(4,661)	27,704	(3,863)	22,958	24,283	65,419	20,123	54,212
Foreign currency translation, net of tax	17	(1,259,232)	1,567,642	(1,043,515)	1,299,092	969,311	3,777,018	803,260	3,129,983
Gain (loss) on valuation of cash flow hedge derivatives	17	3,910	(4,015)	3,240	(3,327)	(25,128)	5,527	(20,823)	4,580
Other comprehensive income for the period, net of tax		256,034	1,756,284	212,173	1,455,418	1,295,202	4,581,644	1,073,324	3,796,769
Total comprehensive income for the period		5,811,117	6,936,860	4,815,624	5,748,518	11,735,211	14,805,805	9,724,873	12,269,446
Comprehensive income attributable to:									
Owners of the Company		5,673,105	6,795,351	4,701,255	5,631,251	11,644,605	14,632,924	9,649,788	12,126,181
Non-controlling interests		138,012	141,509	114,369	117,267	90,606	172,881	75,085	143,265

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In millions of Korean won)

2019 KRW	Notes	Preference shares	Ordinary shares	Share premium	Retained earnings	Other components of equity	Equity attributable to owners of the parent company	Non- controlling interests	Total
Balance as of January 1, 2019		119,467	778,047	4,403,893	242,698,956	(7,931,370)	240,068,993	7,684,184	247,753,177
Profit for the period		-	-	-	10,172,020	-	10,172,020	52,141	10,224,161
Gain on valuation of financial assets at fair value through other comprehensive income, net of tax		-	-	-	14	734,697	734,711	55,186	789,897
Share of other comprehensive income of associates and joint ventures, net of tax		-	-	-	-	63,520	63,520	142	63,662
Foreign currency translation, net of tax		-	-	-	-	3,711,746	3,711,746	65,272	3,777,018
Remeasurement of net defined benefit liabilities, net of tax		-	-	-	-	(54,600)	(54,600)	140	(54,460)
Gain on valuation of cash flow hedge derivatives		-	-	-	-	5,527	5,527	-	5,527
Total comprehensive income		-	-	-	10,172,034	4,460,890	14,632,924	172,881	14,805,805
Dividends		-	-	-	(4,810,032)	-	(4,810,032)	(5,943)	(4,815,975)
Capital transaction under common control		-	-	-	-	722	722	(429)	293
Changes in consolidated entities		-	-	-	-	-	-	(27)	(27)
Other		-	-	-	-	54	54	3,706	3,760
Total transactions with owners		-	-	-	(4,810,032)	776	(4,809,256)	(2,693)	(4,811,949)
Balance as of June 30, 2019		119,467	778,047	4,403,893	248,060,958	(3,469,704)	249,892,661	7,854,372	257,747,033

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of US dollars (Note 2.3))

2019 USD	Notes	Preference shares	Ordinary shares	Share premium	Retained earnings	Other components of equity	Equity attributable to owners of the parent company	Non- controlling interests	Total
Balance as of January 1, 2019		99,001	644,761	3,649,469	201,122,605	(6,572,660)	198,943,176	6,367,819	205,310,995
Profit for the period		-	-	-	8,429,468	-	8,429,468	43,209	8,472,677
Gain on valuation of financial assets at fair value through other comprehensive income, net of tax		-	-	-	12	608,837	608,849	45,732	654,581
Share of other comprehensive income of associates and joint ventures, net of tax		-	-	-	-	52,638	52,638	118	52,756
Foreign currency translation, net of tax		-	-	-	-	3,075,893	3,075,893	54,090	3,129,983
Remeasurement of net defined benefit liabilities, net of tax		-	-	-	-	(45,247)	(45,247)	116	(45,131)
Gain on valuation of cash flow hedge derivatives		-	-	-	-	4,580	4,580	-	4,580
Total comprehensive income		-	-	-	8,429,480	3,696,701	12,126,181	143,265	12,269,446
Dividends		-	-	-	(3,986,033)	-	(3,986,033)	(4,925)	(3,990,958)
Capital transaction under common control		-	-	-	-	598	598	(356)	242
Changes in consolidated entities		-	-	-	-	-	-	(22)	(22)
Other		-	-	-	-	45	45	3,071	3,116
Total transactions with owners		-	-	-	(3,986,033)	643	(3,985,390)	(2,232)	(3,987,622)
Balance as of June 30, 2019		99,001	644,761	3,649,469	205,566,052	(2,875,316)	207,083,967	6,508,852	213,592,819

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In millions of Korean won)

2020 KRW	Notes	Preference shares	Ordinary shares	Share premium	Retained earnings	Other components of equity	Equity attributable to owners of the parent company	Non- controlling interests	Total
Balance as of January 1, 2020		119,467	778,047	4,403,893	254,582,894	(4,968,829)	254,915,472	7,964,949	262,880,421
Profit for the period		-	-	-	10,378,563	-	10,378,563	61,446	10,440,009
Gain (loss) on valuation of financial assets at fair value through other comprehensive income, net of tax	17	-	-	-	13,629	391,139	404,768	(15,429)	389,339
Share of other comprehensive income (loss) of associates and joint ventures, net of tax	17	-	-	-	-	(1,116)	(1,116)	248	(868)
Foreign currency translation, net of tax	17	-	-	-	-	924,276	924,276	45,035	969,311
Remeasurement of net defined benefit liabilities, net of tax	17	-	-	-	-	(36,758)	(36,758)	(694)	(37,452)
Loss on valuation of cash flow hedge derivatives	17	-	-	-	-	(25,128)	(25,128)	-	(25,128)
Total comprehensive income		-	-	-	10,392,192	1,252,413	11,644,605	90,606	11,735,211
Dividends		-	-	-	(4,810,033)	-	(4,810,033)	(7,074)	(4,817,107)
Capital transaction under common control		-	-	-	-	(842)	(842)	(488)	(1,330)
Changes in consolidated entities		-	-	-	-	-	-	17,838	17,838
Other		-	-	-	-	(3,837)	(3,837)	(3,379)	(7,216)
Total transactions with owners		-	-	-	(4,810,033)	(4,679)	(4,814,712)	6,897	(4,807,815)
Balance as of June 30, 2020		119,467	778,047	4,403,893	260,165,053	(3,721,095)	261,745,365	8,062,452	269,807,817

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of US dollars (Note 2.3))

2020 USD	Notes	Preference shares	Ordinary shares	Share premium	Retained earnings	Other components of equity	Equity attributable to owners of the parent company	Non- controlling interests	Total
Balance as of January 1, 2020		99,001	644,761	3,649,469	210,970,726	(4,117,627)	211,246,330	6,600,488	217,846,818
Profit for the period		-	-	-	8,600,629	-	8,600,629	50,920	8,651,549
Gain (loss) on valuation of financial assets at fair value through other comprehensive income, net of tax	17	-	-	-	11,294	324,134	335,428	(12,786)	322,642
Share of other comprehensive income (loss) of associates and joint ventures, net of tax	17	-	-	-	-	(925)	(925)	206	(719)
Foreign currency translation, net of tax	17	-	-	-	-	765,940	765,940	37,320	803,260
Remeasurement of net defined benefit liabilities, net of tax	17	-	-	-	-	(30,461)	(30,461)	(575)	(31,036)
Loss on valuation of cash flow hedge derivatives	17	-	-	-	-	(20,823)	(20,823)	-	(20,823)
Total comprehensive income		-	-	-	8,611,923	1,037,865	9,649,788	75,085	9,724,873
Dividends		-	-	-	(3,986,034)	-	(3,986,034)	(5,862)	(3,991,896)
Capital transaction under common control		-	-	-	-	(698)	(698)	(404)	(1,102)
Changes in consolidated entities		-	-	-	-	-	-	14,782	14,782
Other		-	-	-	-	(3,180)	(3,180)	(2,801)	(5,981)
Total transactions with owners		-	-	-	(3,986,034)	(3,878)	(3,989,912)	5,715	(3,984,197)
Balance as of June 30, 2020		99,001	644,761	3,649,469	215,596,615	(3,083,640)	216,906,206	6,681,288	223,587,494

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of Korean won, in thousands of US dollars (Note 2.3))

	Notes	For the six month period ended June 30,			
		2020	2019	2020	2019
		KRW	KRW	USD	USD
Operating activities					
Profit for the period		10,440,009	10,224,161	8,651,549	8,472,677
Adjustments	24	19,751,134	17,996,969	16,367,600	14,913,938
Changes in assets and liabilities arising from operating activities	24	(2,462,019)	(7,767,511)	(2,040,255)	(6,436,871)
Cash generated from operations		27,729,124	20,453,619	22,978,894	16,949,744
Interest received		1,078,065	1,068,089	893,383	885,116
Interest paid		(221,418)	(308,217)	(183,487)	(255,417)
Dividends received		173,027	170,601	143,386	141,376
Income tax paid		(2,130,766)	(9,544,916)	(1,765,748)	(7,909,792)
Net cash from operating activities		26,628,032	11,839,176	22,066,428	9,811,027
Investing activities					
Net decrease (increase) in short-term financial instruments		1,551,368	10,169,664	1,285,606	8,427,516
Net decrease (increase) in short-term financial assets at amortized cost		2,196,291	(760,329)	1,820,048	(630,078)
Net decrease (increase) in short-term financial assets at fair value through profit or loss		1,196,698	436,327	991,694	361,581
Disposal of long-term financial instruments		5,780,758	1,186,873	4,790,466	983,552
Acquisition of long-term financial instruments		(2,888,232)	(6,780,511)	(2,393,454)	(5,618,953)
Disposal of financial assets at amortized cost		871,380	22,983	722,105	19,046
Acquisition of financial assets at amortized cost		-	(789,822)	-	(654,519)
Disposal of financial assets at fair value through other comprehensive income		23,281	293	19,293	243
Acquisition of financial assets at fair value through other comprehensive income		(23,363)	(36,810)	(19,361)	(30,504)
Disposal of financial assets at fair value through profit or loss		16,266	39,823	13,479	33,001
Acquisition of financial assets at fair value through profit or loss		(59,850)	(77,684)	(49,597)	(64,376)
Disposal of investment in associates and joint ventures		-	306	-	254
Acquisition of investment in associates and joint ventures		(19,424)	(5,500)	(16,097)	(4,558)
Disposal of property, plant and equipment		134,814	244,343	111,719	202,485
Acquisition of property, plant and equipment		(18,442,051)	(10,685,064)	(15,282,774)	(8,854,624)
Disposal of intangible assets		2,304	3,464	1,909	2,871
Acquisition of intangible assets		(1,379,268)	(561,613)	(1,142,988)	(465,404)
Cash outflow from business combinations		(27,412)	(957,944)	(22,716)	(793,840)
Cash inflow from other investing activities		125,780	22,571	104,234	18,702
Net cash used in investing activities		(10,940,660)	(8,528,630)	(9,066,434)	(7,067,605)

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

Samsung Electronics Co., Ltd. and its subsidiaries

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of Korean won, in thousands of US dollars (Note 2.3))

	Notes	For the six month period ended June 30,			
		2020	2019	2020	2019
		KRW	KRW	USD	USD
Financing activities					
Net increase (decrease) in short-term borrowings		(1,600,261)	(1,726,736)	(1,326,123)	(1,430,932)
Repayment of debentures and long-term borrowings		(423,961)	(335,382)	(351,333)	(277,928)
Dividends paid		(4,816,847)	(4,814,335)	(3,991,681)	(3,989,599)
Net increase (decrease) in non-controlling interests		8,390	293	6,953	243
Net cash used in financing activities		(6,832,679)	(6,876,160)	(5,662,184)	(5,698,216)
Effect of foreign exchange rate changes		368,921	757,040	305,722	627,352
Net increase (decrease) in cash and cash equivalents		9,223,614	(2,808,574)	7,643,532	(2,327,442)
Cash and cash equivalents					
Beginning of the period		26,885,999	30,340,505	22,280,204	25,142,924
End of the period		36,109,613	27,531,931	29,923,736	22,815,482

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

1.1 Company Overview

Samsung Electronics Co., Ltd. (“SEC”) was incorporated under the laws of the Republic of Korea in 1969 and listed its shares on the Korea Stock Exchange in 1975. SEC and its subsidiaries (collectively referred to as the “Company”) operate four business divisions: Consumer Electronics (“CE”), Information technology & Mobile communications (“IM”), Device Solutions (“DS”) and Harman. CE division includes digital TVs, monitors, air conditioners and refrigerators and IM division includes mobile phones, communication systems, and computers. DS division includes semiconductor products such as memory, foundry, and system LSI (“Semiconductor”), and display products such as TFT-LCD and OLED panels (“DP”). Harman division includes connected car systems, audio and visual products, enterprise automation solutions and connected services. The Company is domiciled in the Republic of Korea and is located in Suwon, the Republic of Korea.

These interim consolidated financial statements have been prepared in accordance with Korean International Financial Reporting Standards (“*Korean IFRS*”) 1110, *Consolidated Financial Statements*. SEC, as the controlling Company, consolidates its 244 subsidiaries, including Samsung Display and Samsung Electronics America. The Company also applies the equity method of accounting for its 41 associates and joint ventures, including Samsung Electro-Mechanics Co., Ltd.

1.2 Consolidated Subsidiaries

(A) The consolidated subsidiaries as of June 30, 2020 are as follows:

Area	Subsidiaries	Industry	Percentage of ownership ¹
America	Samsung Electronics America, Inc. (SEA)	Sale of electronic devices	100.0
	NeuroLogica Corp.	Manufacture and sale of medical equipment	100.0
	Dacor Holdings, Inc.	Management of overseas subsidiaries	100.0
	Dacor, Inc.	Manufacture and sale of home appliances	100.0
	Dacor Canada Co.	Sale of home appliances	100.0
	EverythingDacor.com, Inc.	Sale of home appliances	100.0
	Distinctive Appliances of California, Inc.	Sale of home appliances	100.0
	Samsung HVAC America, LLC	Sale of air conditioning products	100.0
	SmartThings, Inc.	Sale of smart home electronics	100.0
	Samsung Oak Holdings, Inc. (SHI)	Management of overseas subsidiaries	100.0
	Stellus Technologies, Inc.	Manufacture and sale of semiconductor system	99.9
	Joyent, Inc.	Cloud services	100.0
	TeleWorld Solutions, Inc. (TWS)	Installation of network devices	100.0
	TWS LATAM B, LLC	Management of overseas subsidiaries	100.0
	TWS LATAM S, LLC	Management of overseas subsidiaries	100.0
	SNB Technologies, Inc. Mexico, S.A. de C.V.	Installation of network devices	100.0
	Prismview, LLC	Manufacture and sale of LED displays	100.0
	Samsung Research America, Inc. (SRA)	R&D	100.0
	Samsung Next LLC (SNX)	Management of overseas subsidiaries	100.0
	Samsung Next Fund LLC (SNXF)	Technology business, venture capital investments	100.0
	Viv Labs, Inc.	AI technology services	100.0
	Samsung Semiconductor, Inc. (SSI)	Sale of semiconductor and display panels	100.0
	Samsung Austin Semiconductor LLC. (SAS)	Manufacture of semiconductors	100.0
	Samsung International, Inc. (SII)	Manufacture of CTV and monitors	100.0
	Samsung Mexicana S.A. de C.V (SAMEX)	Manufacture of electronic devices	100.0
	Samsung Electronics Home Appliances America, LLC (SEHA)	Manufacture of home appliances	100.0
	SEMES America, Inc.	Semiconductor equipment	100.0

¹ Ownership represents the Company’s ownership of the voting rights in each entity, including subsidiaries’ ownerships.

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Area	Subsidiaries	Industry	Percentage of ownership ¹
America	Zhilabs Inc.	Sale of network solutions	100.0
	Samsung Electronics Canada, Inc. (SECA)	Sale of electronic devices	100.0
	AdGear Technologies Inc.	Digital advertising platforms	100.0
	SigMast Communications Inc.	Development of mobile communications software	100.0
	Samsung Electronics Mexico S.A. De C.V. (SEM)	Sale of electronic devices	100.0
	Samsung Electronics Digital Appliance Mexico, S.A. de C.V. (SEDAM)	Manufacture of home appliances	100.0
	Samsung Electronics Latinoamerica Miami, Inc. (SEMI)	Sale of electronic devices	100.0
	Samsung Electronics Latinoamerica (Zona Libre), S. A. (SELA)	Sale of electronic devices	100.0
	Samsung Electronics Venezuela, C.A. (SEVEN)	Marketing and services	100.0
	Samsung Electronica Colombia S.A. (SAMCOL)	Sale of electronic devices	100.0
	Samsung Electronics Panama, S.A. (SEPA)	Consulting	100.0
	Samsung Electronica da Amazonia Ltda. (SEDA)	Manufacture and sale of electronic devices	100.0
	Samsung Electronics Argentina S.A. (SEASA)	Marketing and services	100.0
	Samsung Electronics Chile Limitada (SECH)	Sale of electronic devices	100.0
	Samsung Electronics Peru S.A.C. (SEPR)	Sale of electronic devices	100.0
	Harman International Industries, Inc.	Holding company	100.0
	Harman Becker Automotive Systems, Inc.	Manufacture and sale of audio products, R&D	100.0
	Harman Connected Services, Inc.	Connected service provider	100.0
	Harman Connected Services Engineering Corp.	Connected service provider	100.0
	Harman Connected Services South America S.R.L.	Connected service provider	100.0
	Harman da Amazonia Industria Eletronica e Participacoes Ltda.	Manufacture and sale of audio products	100.0
	Harman de Mexico, S. de R.L. de C.V.	Manufacture of audio products	100.0
	Harman do Brasil Industria Eletronica e Participacoes Ltda.	Sale of audio products, R&D	100.0
	Harman Financial Group LLC	Management company	100.0
	Harman International Industries Canada Ltd.	Sale of audio products	100.0
	Harman International Mexico, S. de R.L. de C.V.	Sale of audio products	100.0
	Harman KG Holding, LLC	Management of overseas subsidiaries	100.0
	Harman Professional, Inc.	Sale of audio products, R&D	100.0
	RT SV CO-INVEST, LP	Venture capital investments	99.9
	Beijing Integrated Circuit Industry International Fund, L.P	Venture capital investments	61.4
	China Materialia New Materials 2016 Limited Partnership	Venture capital investments	99.0

¹ Ownership represents the Company's ownership of the voting rights in each entity, including subsidiaries' ownerships.

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Area	Subsidiaries	Industry	Percentage of ownership ¹
Europe/CIS	Samsung Electronics (UK) Ltd. (SEUK)	Sale of electronic devices	100.0
	Samsung Electronics Ltd. (SEL)	Management of overseas subsidiaries	100.0
	Samsung Electronics Holding GmbH (SEHG)	Management of overseas subsidiaries	100.0
	Samsung Semiconductor Europe GmbH (SSEG)	Sale of semiconductor and display panels	100.0
	Samsung Electronics GmbH (SEG)	Sale of electronic devices	100.0
	Samsung Electronics Iberia, S.A. (SESA)	Sale of electronic devices	100.0
	Samsung Electronics France S.A.S. (SEF)	Sale of electronic devices	100.0
	Samsung Electronics Hungarian Private Co., Ltd. (SEH)	Manufacture and sale of electronic devices	100.0
	Samsung Electronics Czech and Slovak s.r.o. (SECZ)	Sale of electronic devices	100.0
	Samsung Electronics Italia S.P.A. (SEI)	Sale of electronic devices	100.0
	Samsung Electronics Europe Logistics B.V. (SELS)	Logistics	100.0
	Samsung Electronics Benelux B.V. (SEBN)	Sale of electronic devices	100.0
	Samsung Display Slovakia s.r.o. (SDSK)	Toll processing of display panels	100.0
	Samsung Electronics Romania LLC (SEROM)	Sale of electronic devices	100.0
	Samsung Electronics Polska, SP.Zo.o (SEPOL)	Sale of electronic devices	100.0
	Samsung Electronics Portuguesa S.A. (SEP)	Sale of electronic devices	100.0
	Samsung Electronics Nordic Aktiebolag (SENA)	Sale of electronic devices	100.0
	Samsung Semiconductor Europe Limited (SSEL)	Sale of semiconductor and display panels	100.0
	Samsung Electronics Austria GmbH (SEAG)	Sale of electronic devices	100.0
	Samsung Electronics Switzerland GmbH (SESG)	Sale of electronic devices	100.0
	Samsung Electronics Slovakia s.r.o (SESK)	Manufacture of CTV and monitors	100.0
	Samsung Electronics Baltics SIA (SEB)	Sale of electronic devices	100.0
	Samsung Electronics Europe Holding Cooperatief U.A. (SEEH)	Management of overseas subsidiaries	100.0
	Samsung Electronics Poland Manufacturing SP.Zo.o (SEPM)	Manufacture of home appliances	100.0
	Samsung Electronics Greece S.M.S.A (SEGR)	Sale of electronic devices	100.0
	Samsung Electronics Air Conditioner Europe B.V. (SEACE)	Sale of air conditioning products	100.0
	Samsung Nanoradio Design Center (SNDC)	R&D	100.0
	Samsung Denmark Research Center ApS (SDRC)	R&D	100.0
	Samsung Cambridge Solution Centre Limited (SCSC)	R&D	100.0
	Zhilabs, S.L.	Development and sale of network solutions	100.0
	Foodient Ltd.	R&D	100.0
	Samsung Electronics Overseas B.V. (SEO)	Sale of electronic devices	100.0
	Samsung Electronics Rus Company LLC (SERC)	Sale of electronic devices	100.0
	Samsung Electronics Ukraine Company LLC (SEUC)	Sale of electronic devices	100.0
	Samsung R&D Institute Rus LLC (SRR)	R&D	100.0
	Samsung Electronics Central Eurasia LLP (SECE)	Sale of electronic devices	100.0
	Samsung Electronics Caucasus Co., Ltd. (SECC)	Marketing	100.0
	Samsung Electronics Rus Kaluga LLC (SERK)	Manufacture of CTV	100.0

¹ Ownership represents the Company's ownership of the voting rights in each entity, including subsidiaries' ownerships.

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Area	Subsidiaries	Industry	Percentage of ownership ¹
Europe/CIS	AKG Acoustics GmbH	Manufacture and sale of audio products	100.0
	AMX UK Limited	Sale of audio products	100.0
	Arcam Limited	Management of overseas subsidiaries	100.0
	A&R Cambridge Limited	Sale of audio products	100.0
	Harman Audio Iberia Espana Sociedad Limitada	Sale of audio products	100.0
	Harman Automotive UK Limited	Manufacture of audio products	100.0
	Harman Becker Automotive Systems GmbH	Manufacture and sale of audio products, R&D	100.0
	Harman Becker Automotive Systems Italy S.R.L.	Sale of audio products	100.0
	Harman Becker Automotive Systems Manufacturing Kft	Manufacture of audio products, R&D	100.0
	Harman Belgium SA	Sale of audio products	100.0
	Harman Connected Services AB.	Connected service provider	100.0
	Harman Finland Oy	Connected service provider	100.0
	Harman Connected Services GmbH	Connected service provider	100.0
	Harman Connected Services Limited	Connected service provider	100.0
	Harman Connected Services Poland Sp.zoo	Connected service provider	100.0
	Harman Connected Services UK Ltd.	Connected service provider	100.0
	Harman Consumer Nederland B.V.	Sale of audio products	100.0
	Harman Deutschland GmbH	Sale of audio products	100.0
	Harman Finance International GP S.a.r.l	Management of overseas subsidiaries	100.0
	Harman France SNC	Sale of audio products	100.0
	Harman Holding GmbH & Co. KG	Management company	100.0
	Harman Hungary Financing Ltd.	Financing company	100.0
	Harman Inc. & Co. KG	Management of overseas subsidiaries	100.0
	Harman International Estonia OU	R&D	100.0
	Harman International Industries Limited	Sale of audio products, and other.	100.0
	Harman International Romania SRL	R&D	100.0
	Harman Finance International, SCA	Financing company	100.0
	Harman International s.r.o	Manufacture of audio products	100.0
	Harman Management GmbH	Management of overseas subsidiaries	100.0
	Harman Professional Kft	Manufacture of audio products, R&D	100.0
	Martin Manufacturing (UK) Ltd.	Manufacture of audio products	100.0
	Harman Professional Denmark ApS	Sale of audio products, R&D	100.0
	Red Bend Software Ltd.	Software design	100.0
	Red Bend Software SAS	Software design	100.0
	Studer Professional Audio GmbH	Sale of audio products, R&D	100.0
	Harman Connected Services OOO	Connected service provider	100.0
	Harman RUS CIS LLC	Sale of audio products	100.0

¹ Ownership represents the Company's ownership of the voting rights in each entity, including subsidiaries' ownerships.

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Area	Subsidiaries	Industry	Percentage of ownership ¹
Middle East & Africa	Samsung Electronics West Africa Ltd. (SEWA)	Marketing	100.0
	Samsung Electronics East Africa Ltd. (SEEA)	Marketing	100.0
	Samsung Gulf Electronics Co., Ltd. (SGE)	Sale of electronic devices	100.0
	Samsung Electronics Saudi Arabia Ltd.(SESAR)	Sale of electronic devices	100.0
	Samsung Electronics Egypt S.A.E (SEEG)	Manufacture and sale of electronic devices	100.0
	Samsung Electronics Israel Ltd. (SEIL)	Marketing	100.0
	Samsung Electronics Tunisia S.A.R.L (SETN)	Marketing	100.0
	Samsung Electronics Pakistan (Private) Ltd. (SEPAK)	Marketing	100.0
	Samsung Electronics South Africa (Pty) Ltd. (SSA)	Sale of electronic devices	100.0
	Samsung Electronics South Africa Production (pty) Ltd. (SSAP)	Manufacture of CTV and monitors	100.0
	Samsung Electronics Turkey (SETK)	Sale of electronic devices	100.0
	Samsung Semiconductor Israel R&D Center, Ltd. (SIRC)	R&D	100.0
	Samsung Electronics Levant Co.,Ltd. (SELV)	Sale of electronic devices	100.0
	Samsung Electronics Maghreb Arab (SEMAG)	Sale of electronic devices	100.0
	Corephotonics Ltd.	R&D	100.0
	Global Symphony Technology Group Private Ltd.	Management of overseas subsidiaries	100.0
	Harman Connected Services Morocco	Connected service provider	100.0
	Harman Industries Holdings Mauritius Ltd.	Management of overseas subsidiaries	100.0
	Red Bend Ltd.	Manufacture of audio products	100.0
Asia (Excluding China)	Samsung Japan Corporation (SJC)	Sale of semiconductor and display panels	100.0
	Samsung R&D Institute Japan Co., Ltd. (SRJ)	R&D	100.0
	Samsung Electronics Japan Co., Ltd. (SEJ)	Sale of electronic devices	100.0
	Samsung Electronics Display (M) Sdn. Bhd. (SDMA)	Manufacture of electronic devices	100.0
	Samsung Electronics (M) Sdn. Bhd. (SEMA)	Manufacture of home appliances	100.0
	Samsung Vina Electronics Co., Ltd. (SAVINA)	Sale of electronic devices	100.0
	Samsung Asia Private Ltd. (SAPL)	Sale of electronic devices	100.0
	Samsung India Electronics Private Ltd. (SIEL)	Manufacture and sale of electronic devices	100.0
	Samsung R&D Institute India-Bangalore Private Limited (SRI-Bangalore)	R&D	100.0
	Samsung Nepal Services Pvt, Ltd. (SNSL)	Service	100.0
	Samsung Display Noida Private Limited (SDN)	Manufacture of display panels	100.0
	Samsung Electronics Australia Pty. Ltd. (SEAU)	Sale of electronic devices	100.0
	Samsung Electronics New Zealand Limited (SENZ)	Sale of electronic devices	100.0
	PT Samsung Electronics Indonesia (SEIN)	Manufacture and sale of electronic devices	100.0
	PT Samsung Telecommunications Indonesia (STIN)	Sale of electronic devices and services	100.0
	Thai Samsung Electronics Co., Ltd. (TSE)	Manufacture and sale of electronic devices	91.8
	Laos Samsung Electronics Sole Co., Ltd. (LSE)	Marketing	100.0
	Samsung Electronics Philippines Corporation (SEPCO)	Sale of electronic devices	100.0
	Samsung Display Vietnam Co., Ltd. (SDV)	Manufacture of display panels	100.0
	Samsung Malaysia Electronics Sdn. Bhd. (SME)	Sale of electronic devices	100.0
	Samsung R&D Institute BanglaDesh Limited (SRBD)	R&D	100.0
	Samsung Electronics Vietnam Co., Ltd. (SEV)	Manufacture of electronic devices	100.0
	Samsung Electronics Vietnam THAINGUYEN Co., Ltd. (SEVT)	Manufacture of communication equipment	100.0
	Samsung Electronics HCMC CE Complex Co., Ltd. (SEHC)	Manufacture and sale of electronic devices	100.0
	Harman Connected Services Corp. India Pvt. Ltd.	Connected service provider	100.0
	Harman International (India) Private Limited	Sale of audio products, R&D	100.0
	Harman International Industries PTY Ltd.	Management of overseas subsidiaries	100.0
	Harman International Japan Co., Ltd.	Sale of audio products, R&D	100.0
	Harman Singapore Pte. Ltd.	Sale of audio products	100.0

¹ Ownership represents the Company's ownership of the voting rights in each entity, including subsidiaries' ownerships.

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Area	Subsidiaries	Industry	Percentage of ownership ¹
China	Samsung Display Dongguan Co., Ltd. (SDD)	Manufacture of display panels	100.0
	Samsung Display Tianjin Co., Ltd. (SDT)	Manufacture of display panels	95.0
	Samsung Electronics Hong Kong Co., Ltd. (SEHK)	Sale of electronic devices	100.0
	Suzhou Samsung Electronics Co., Ltd. (SSEC)	Manufacture of home appliances	88.3
	Samsung Suzhou Electronics Export Co., Ltd. (SSEC-E)	Manufacture of home appliances	100.0
	Samsung (CHINA) Investment Co., Ltd. (SCIC)	Sale of electronic devices	100.0
	Samsung Mobile R&D Center China-Guangzhou (SRC-Guangzhou)	R&D	100.0
	Samsung Tianjin Mobile Development Center (SRC-Tianjin)	R&D	100.0
	Samsung R&D Institute China-Shenzhen (SRC-Shenzhen)	R&D	100.0
	Samsung Electronics Suzhou Semiconductor Co., Ltd. (SESS)	Toll processing of semiconductors	100.0
	SEMES (XIAN) Co., Ltd.	Semiconductor equipment services	100.0
	Samsung Electronics Huizhou Co., Ltd. (SEHZ)	Manufacture of electronic devices	100.0
	Tianjin Samsung Electronics Co., Ltd. (TSEC)	Manufacture of CTV and monitors	91.2
	Samsung Electronics Taiwan Co., Ltd. (SET)	Sale of electronic devices	100.0
	Beijing Samsung Telecom R&D Center (SRC-Beijing)	R&D	100.0
	Tianjin Samsung Telecom Technology Co., Ltd. (TSTC)	Manufacture of communication equipment	90.0
	Shanghai Samsung Semiconductor Co., Ltd. (SSS)	Sale of semiconductor and display panels	100.0
	Samsung Electronics Suzhou Computer Co., Ltd. (SESC)	Manufacture of electronic devices	100.0
	Samsung Suzhou Module Co., Ltd. (SSM)	Manufacture of display panels	100.0
	Samsung Suzhou LCD Co., Ltd. (SSL)	Manufacture of display panels	60.0
	Shenzhen Samsung Electronics Telecommunication Co., Ltd. (SSET)	Manufacture of communication equipment	100.0
	Samsung Semiconductor (China) R&D Co., Ltd. (SSCR)	R&D	100.0
	Samsung Electronics China R&D Center (SRC-Nanjing)	R&D	100.0
	Samsung (China) Semiconductor Co., Ltd. (SCS)	Manufacture of semiconductors	100.0
	Samsung SemiConductor Xian Co., Ltd. (SSCX)	Sale of semiconductor and display panels	100.0
	Tianjin Samsung LED Co., Ltd. (TSLED)	Manufacture of LED	100.0
	Harman (China) Technologies Co., Ltd.	Manufacture of audio products	100.0
	Harman (Suzhou) Audio and Infotainment Systems Co., Ltd.	Sale of audio products	100.0
	Harman Automotive Electronic Systems (Suzhou) Co., Ltd.	Manufacture of audio products, R&D	100.0
	Harman Commercial (Shanghai) Co., Ltd.	Sale of audio products	100.0
	Harman Connected Services Solutions (Chengdu) Co., Ltd.	Connected service provider	100.0
	Harman Holding Limited	Sale of audio products	100.0
	Harman International (China) Holdings Co., Ltd.	Sale of audio products, R&D	100.0
	Harman Technology (Shenzhen) Co., Ltd.	Sale of audio products, R&D	100.0

¹ Ownership represents the Company's ownership of the voting rights in each entity, including subsidiaries' ownerships

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Area	Subsidiaries	Industry	Percentage of ownership ¹
Domestic	Samsung Display Co., Ltd.	Manufacture and sale of display panels	84.8
	SU Materials	Manufacture of display components	50.0
	STECO Co., Ltd.	Manufacture of semiconductor components	70.0
	SEMES Co., Ltd.	Manufacture of semiconductor/FPD	91.5
	Samsung Electronics Service Co., Ltd.	Repair services for electronic devices	99.3
	Samsung Electronics Service Customer Satisfaction	Call center for repair services for electronic devices	100.0
	Samsung Electronics Sales Co., Ltd.	Sale of electronic devices	100.0
	Samsung Electronics Logitech Co., Ltd.	General logistics agency	100.0
	Samsung Medison Co., Ltd.	Manufacture and sale of medical equipment	68.5
	Mirero System Co., Ltd.	Development and supply of semiconductor process defect and quality control software	99.9
	Dowooinsys Co., Ltd.	Manufacture of display components	51.8
	Gf-System Co., Ltd.	Manufacture of display components	100.0
	Harman International Korea	Software development and supply, etc.	100.0
	Samsung Venture Capital Union #21	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #22	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #26	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #27	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #28	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #29	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #32	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #33	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #37	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #40	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #42	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #43	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #45	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #48	Technology business, Venture capital investments	99.0
	Growth type private equity trust specialized in semiconductors	Investment on semiconductor industry	66.7
	System LSI Mutual benefit private equity trust	Investment on System LSI industry	62.5

¹ Ownership represents the Company's ownership of the voting rights in each entity, including subsidiaries' ownerships.

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

(1) 2020

(In millions of Korean won)	As of June 30, 2020		June 30, 2020			
	Assets	Liabilities	For the three month period ended		For the six month period ended	
			Sales	Profit (loss) for the period	Sales	Profit (loss) for the period
Major subsidiaries ¹						
Samsung Display	₩ 44,985,200	₩ 4,910,891	₩ 6,214,226	₩ 440,602	₩ 11,565,360	₩ 57,713
Samsung Electronics America (SEA)	37,304,997	14,757,827	6,760,335	360,723	15,655,607	1,081,518
Samsung Electronics Vietnam THAINGUYEN (SEVT)	16,324,336	2,881,173	5,814,871	495,558	14,003,848	1,242,120
Harman and its subsidiaries ²	14,618,843	5,450,511	1,535,867	(714,152)	3,626,104	(933,998)
Samsung (China) Semiconductor (SCS)	14,420,106	4,110,606	1,281,964	284,259	2,256,719	394,028
Samsung (CHINA) Investment (SCIC)	14,296,718	11,185,075	596,478	55,331	1,204,910	108,341
Samsung Electronics Vietnam (SEV)	13,658,961	1,654,951	3,440,659	222,612	8,900,646	652,240
Samsung Electronics Europe Holding (SEEH)	10,759,844	7,219,123	-	9,737	-	9,543
Samsung Semiconductor, Inc. (SSI)	10,393,536	4,704,219	6,476,342	25,357	11,065,791	90,508
Samsung Asia Private Ltd. (SAPL)	9,630,319	630,873	311,003	47,795	793,407	114,647
Samsung Austin Semiconductor (SAS)	7,288,664	607,896	1,039,689	276,618	2,141,866	584,880
Samsung India Electronics (SIEL)	7,077,288	3,464,271	1,875,006	68,846	4,435,830	237,059
Samsung Display Vietnam (SDV)	6,883,593	4,108,578	2,821,711	(134,723)	6,993,387	(5,704)
Shanghai Samsung Semiconductor (SSS)	6,854,183	5,080,677	6,861,036	74,816	13,083,415	146,967
Samsung Electronica da Amazonia (SEDA)	5,691,701	1,166,200	1,128,098	126,322	2,816,760	350,439
Thai Samsung Electronics (TSE)	3,012,441	470,724	834,100	46,361	1,739,850	64,975
Samsung Electronics HCMC CE Complex (SEHC)	2,413,446	890,929	1,373,288	69,809	2,638,510	204,871
Samsung Electronics (UK) (SEUK)	2,332,284	1,537,586	992,475	75,525	2,107,633	45,421
Samsung Electronics Hungarian (SEH)	2,155,038	430,284	724,045	44,401	1,463,398	89,082
Samsung Electronics Benelux (SEBN)	1,929,883	570,933	469,697	7,353	1,100,566	33,728
Samsung Electronics Europe Logistics (SELS)	1,925,621	1,422,921	2,549,887	81,196	5,695,126	351,318
Samsung International, Inc. (SII)	1,895,103	618,460	1,431,970	206,703	2,712,229	361,473
Samsung Display Dongguan (SDD)	1,800,740	335,103	986,129	56,570	1,576,835	84,383
Samsung Electronics GmbH (SEG)	1,799,324	1,685,671	1,218,621	10,896	2,724,199	52,585
SEMES	1,692,018	735,816	634,318	91,472	1,168,922	145,601

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

² Consolidated financial data of an intermediate company that includes Harman International Industries, Inc. and its subsidiaries.

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(2) 2019

(In millions of Korean won)	As of June 30, 2019		June 30, 2019			
			For the three month period ended		For the six month period ended	
			Profit (loss) for the period		Profit (loss) for the period	
Major subsidiaries ¹	Assets	Liabilities	Sales		Sales	
Samsung Display	₩ 46,543,974	₩ 6,421,516	₩ 6,787,987	₩ 411,838	₩ 11,843,974	₩ (60,843)
Samsung Electronics America (SEA)	34,704,039	13,992,397	7,139,518	10,858	15,631,324	240,606
Harman and its subsidiaries ²	15,609,084	5,791,272	2,512,989	39,309	4,706,416	18,879
Samsung (CHINA) Investment (SCIC)	14,637,222	11,701,871	738,146	141,451	1,713,643	171,126
Samsung Electronics Vietnam THAINGUYEN (SEVT)	13,847,934	2,075,180	8,961,017	420,721	17,534,194	1,180,822
Samsung (China) Semiconductor (SCS)	12,370,070	2,678,742	1,678,890	237,251	2,652,856	371,038
Samsung Electronics Vietnam (SEV)	12,367,857	1,418,876	4,274,028	193,848	10,285,900	733,683
Samsung Electronics Europe Holding (SEEH)	10,682,847	7,662,042	-	11,461	-	13,947
Samsung Semiconductor, Inc. (SSI)	9,194,190	3,795,273	3,926,807	131,640	6,936,046	63,941
Samsung Asia Private Ltd. (SAPL)	9,137,262	579,618	396,345	852,850	776,355	894,837
Samsung Display Vietnam (SDV)	7,267,124	4,587,477	3,085,380	23,222	6,165,897	(34,787)
Samsung Electronica da Amazonia (SEDA)	7,058,719	1,594,907	1,888,222	166,169	3,574,984	368,954
Samsung India Electronics (SIEL)	7,042,872	3,588,241	3,690,668	137,977	6,552,597	267,764
Samsung Austin Semiconductor (SAS)	6,437,865	556,765	993,723	137,993	1,892,565	278,027
Shanghai Samsung Semiconductor (SSS)	5,880,616	4,446,885	6,721,028	41,934	11,883,527	88,741
Thai Samsung Electronics (TSE)	2,912,731	450,833	1,109,908	63,666	2,138,490	73,277
Samsung Electronics (UK) (SEUK)	2,644,358	1,877,903	1,096,582	64,286	2,195,247	56,831
Samsung Electronics HCMC CE Complex (SEHC)	2,305,587	1,035,533	1,213,778	165,217	2,480,482	292,544
Samsung Electronics GmbH (SEG)	2,258,269	2,199,561	1,215,743	32,562	2,640,739	(38,641)
Samsung Electronics Hungarian (SEH)	2,109,654	416,160	615,217	36,532	1,269,077	65,290
Samsung SemiConductor Xian (SSCX)	2,091,092	1,954,875	696,451	8,026	1,349,955	15,342
Samsung Electronics Europe Logistics (SELS)	2,027,213	1,891,221	2,683,601	(30,801)	5,987,057	139,713
Samsung Electronics Benelux (SEBN)	1,914,864	673,887	498,175	16,886	1,151,714	18,329
Samsung Suzhou LCD (SSL)	1,808,262	625,541	365,610	4,603	728,713	19,471
Samsung Display Dongguan (SDD)	1,795,077	444,552	1,093,553	86,299	1,809,321	96,374

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

² Consolidated financial data of an intermediate company that includes Harman International Industries, Inc. and its subsidiaries.

(C) Changes in consolidation scope

Changes in consolidation scope during the six month period ended June 30, 2020 are as follows:

Change	Area	Subsidiary	Description
Included	America	TeleWorld Solutions. Inc. (TWS)	Acquisition
		TWS LATAM B, LLC	
		TWS LATAM S, LLC	
		SNB Technologies, Inc. Mexico, S.A. de C.V	
Excluded	Domestic	System LSI mutual benefit private equity trust	Establishment
	Asia (Excluding China)	Martin Professional Pte. Ltd.	Liquidation

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2. Significant Accounting Policies

2.1 Basis of Presentation

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

The interim consolidated financial statements for the six month period ended June 30, 2020 have been prepared in accordance with *Korean IFRS 1034, Interim Financial Reporting*. These interim consolidated financial statements have been prepared in accordance with the Korean IFRS which is effective as of June 30, 2020.

(A) New and amended standards adopted by the Company

The Company applied the following amended and enacted standards for the first time for their annual reporting period commencing January 1, 2020:

Amendments to Korean IFRS 1103, Business Combination

To consider the integration of the required activities and assets as a business, the amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs and excludes economic benefits from the lower costs. An entity can apply a concentration test, 'optional test', where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or group of similar assets), the assets acquired would not represent a business. This amendment does not have a significant impact on the consolidated financial statements.

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

There are no major new accounting standards or amendments issued that are effective for the annual reporting period commencing January 1, 2020.

2.2 Accounting Policies

Significant accounting policies and method of computation used in the preparation of the interim consolidated financial statements are consistent with those of the annual financial statements for the year ended December 31, 2019, except for the changes due to the application of amendments and enactments of standards described in Note 2.1 and as described below.

(A) Income tax expense

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

2.3 Convenience Translation into United States Dollar Amounts

The Company operates primarily in Korean won and its official accounting records are maintained in Korean won. The US dollar amounts provided in the consolidated financial statements represent supplementary information solely for the convenience of the reader. All Korean won amounts are expressed in US dollars at the rate of ₩ 1,206.7 to \$1, the average exchange rate for the six month period ended June 30, 2020. Such presentation is not in accordance with generally accepted accounting principles, and should not be construed as a representation that the Korean won amounts shown could be readily converted, realized or settled in US dollars at this or at any other rate.

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2.4 Critical Accounting Estimates and Assumptions

In preparing the interim consolidated financial statements, the management of the Company makes judgements, estimates and assumptions on matters which affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates, by definition, seldom equal the related actual results. Recent spread of COVID-19 may result in changes to the Company's assumptions and estimates but its potential financial impact cannot be reasonably estimated as of the reporting date.

Critical accounting estimates and assumptions made in the preparation of the interim consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements for the year ended December 31, 2019, except for the estimates used to determine the income tax expense.

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

3. Financial Instruments by Category

Categorizations of financial assets and liabilities as of June 30, 2020 and December 31, 2019 are as follows:

(A) As of June 30, 2020

<i>(In millions of Korean won)</i>	Financial assets measured at amortized cost		Financial assets measured at fair value through other comprehensive income		Financial assets measured at fair value through profit or loss		Other financial assets¹		Total
Financial assets									
Cash and cash equivalents	₩	36,109,613	₩	-	₩	-	₩	-	₩ 36,109,613
Short-term financial instruments		75,127,611		-		-		-	75,127,611
Trade receivables		32,989,762		-		-		-	32,989,762
Financial assets at amortized cost		1,224,565		-		-		-	1,224,565
Financial assets at fair value through other comprehensive income		-		9,511,923		-		-	9,511,923
Financial assets at fair value through profit or loss		-		-		1,710,902		-	1,710,902
Other		6,781,206		-		195,670		16,197	6,993,073
Total	₩	152,232,757	₩	9,511,923	₩	1,906,572	₩	16,197	₩ 163,667,449

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

<i>(In millions of Korean won)</i>	Financial liabilities measured at amortized cost		Financial liabilities measured at fair value through profit or loss		Other financial liabilities¹		Total
Financial liabilities							
Trade payables	₩	9,545,977	₩	-	₩	-	₩ 9,545,977
Short-term borrowings		2,760,708		-		10,015,640	12,776,348
Other payables		8,707,907		-		-	8,707,907
Current portion of long-term liabilities		35,986		-		752,885	788,871
Debentures		1,010,166		-		-	1,010,166
Long-term borrowings		-		-		2,109,366	2,109,366
Long-term other payables		1,623,661		2,401		-	1,626,062
Other		8,236,255		201,715		34,061	8,472,031
Total	₩	31,920,660	₩	204,116	₩	12,911,952	₩ 45,036,728

¹ Other financial liabilities include collateralized borrowings, lease liabilities and derivatives designated as hedging instruments which are not subject to categorizations.

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(B) As of December 31, 2019

<i>(In millions of Korean won)</i>	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through profit or loss	Other financial assets ¹	Total
Financial assets					
Cash and cash equivalents	₩ 26,885,999	₩ -	₩ -	₩ -	₩ 26,885,999
Short-term financial instruments	76,252,052	-	-	-	76,252,052
Trade receivables	35,131,343	-	-	-	35,131,343
Financial assets at amortized cost	3,914,216	-	-	-	3,914,216
Financial assets at fair value through other comprehensive income	-	8,920,712	-	-	8,920,712
Financial assets at fair value through profit or loss	-	-	2,776,440	-	2,776,440
Other	9,656,415	-	181,682	26,444	9,864,541
Total	₩ 151,840,025	₩ 8,920,712	₩ 2,958,122	₩ 26,444	₩ 163,745,303

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

<i>(In millions of Korean won)</i>	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Other financial liabilities ¹	Total
Financial liabilities				
Trade payables	₩ 8,718,222	₩ -	₩ -	₩ 8,718,222
Short-term borrowings	2,659,107	-	11,734,361	14,393,468
Other payables	11,034,253	-	-	11,034,253
Current portion of long-term liabilities	41,022	-	805,068	846,090
Debentures	975,298	-	-	975,298
Long-term borrowings	-	-	2,197,181	2,197,181
Long-term other payables	1,820,611	2,316	-	1,822,927
Others	8,158,935	204,671	10,540	8,374,146
Total	₩ 33,407,448	₩ 206,987	₩ 14,747,150	₩ 48,361,585

¹ Other financial liabilities include collateralized borrowings, lease liabilities, and derivatives designated as hedging instruments which are not subject to categorizations.

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. Financial Assets at Fair Value

(A) Details of financial assets at fair value as of June 30, 2020 and December 31, 2019 are as follows:

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

<i>(In millions of Korean won)</i>	June 30, 2020		December 31, 2019	
Non-current portion				
Equity instruments	₩	9,511,923	₩	8,920,712

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

<i>(In millions of Korean won)</i>	June 30, 2020		December 31, 2019	
Current portion				
Debt instruments	₩	582,641	₩	1,727,436
Non-current portion				
Equity instruments		734,301		704,155
Debt instruments		393,960		344,849
Subtotal		1,128,261		1,049,004
Total	₩	1,710,902	₩	2,776,440

(B) Details of listed equity securities of financial assets at fair value as of June 30, 2020 and December 31, 2019 are as follows:

<i>(In millions of Korean won, number of shares and percentage)</i>	June 30, 2020			December 31, 2019		
	Number of shares owned	Percentage of ownership¹ (%)	Acquisition cost	Carrying amount (Market value)	Carrying amount (Market value)	
Samsung Heavy Industries	100,693,398	16.0	₩ 735,488	₩ 599,126	₩ 732,041	
Hotel Shilla	2,004,717	5.1	13,957	142,335	182,028	
iMarket Korea	647,320	1.8	324	5,638	6,732	
Wonik Holdings	3,518,342	4.6	30,821	15,903	19,210	
Wonik IPS	3,701,872	7.5	32,428	131,972	132,712	
SFA	3,644,000	10.2	38,262	119,159	168,535	
ASML	6,297,787	1.5	363,012	2,779,699	2,154,676	
Wacom	8,398,400	5.0	62,013	51,486	39,765	
BYD	52,264,808	1.9	528,665	636,668	412,935	
Other			296,744	509,701	419,868	
Total			₩ 2,101,714	₩ 4,991,687	₩ 4,268,502	

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

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

5. Inventories

Inventories as of June 30, 2020 and December 31, 2019 are as follows:

<i>(In millions of Korean won)</i>	June 30, 2020			December 31, 2019		
	Gross amount	Valuation allowance	Carrying amount	Gross amount	Valuation allowance	Carrying amount
Finished goods	₩ 7,699,780	₩ (416,065)	₩ 7,283,715	₩ 8,460,621	₩ (345,505)	₩ 8,115,116
Work in process	10,967,776	(855,333)	10,112,443	10,424,880	(538,246)	9,886,634
Raw materials and supplies	10,307,644	(717,865)	9,589,779	8,288,265	(541,155)	7,747,110
Materials in transit	2,659,592	-	2,659,592	1,017,604	-	1,017,604
Total	₩ 31,634,792	₩ (1,989,263)	₩ 29,645,529	₩ 28,191,370	₩ (1,424,906)	₩ 26,766,464

6. Investments in Associates and Joint Ventures

(A) Changes in investments in associates and joint ventures for the six month period ended June 30, 2020 and 2019 are as follows:

<i>(In millions of Korean won)</i>	2020	2019
Balance as of January 1	₩ 7,591,612	₩ 7,313,206
Acquisition	19,424	5,544
Disposal	-	(306)
Share of profit	146,866	142,173
Other ¹	(64,024)	(70,783)
Balance as of June 30	₩ 7,693,878	₩ 7,389,834

¹ Other consists of dividends, impairment, and reclassification.

(B) Major investments in associates and joint ventures as of June 30, 2020 are as follows:

(1) Investments in associates

Investee	Nature of relationship with associate	Percentage of ownership ¹ (%)	Principal business location	Fiscal period-end
Samsung Electro-Mechanics	Manufacture and supply electronic components including passive components, circuit boards, and modules	23.7	Korea	December
Samsung SDS	Provide IT services including computer programming, system integration and management and logistical services	22.6	Korea	December
Samsung Biologics	New business investment	31.5	Korea	December
Samsung SDI ²	Manufacture and supply electronic components including secondary cell batteries	19.6	Korea	December
Cheil Worldwide	Advertising agency	25.2	Korea	December

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

² The Company's ownership of ordinary shares outstanding is 20.6%.

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(2) Investments in joint ventures

Investee	Nature of relationship with joint venture	Percentage of ownership ¹ (%)	Principal business location	Fiscal period-end
Samsung Corning Advanced Glass	Manufacture and supply industrial glass devices	50.0	Korea	December

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

(C) Details of investments in associates and joint ventures as of June 30, 2020 and December 31, 2019 are as follows:

(1) Investments in associates

<i>(In millions of Korean won)</i>		June 30, 2020			
Investee	Acquisition cost	Net asset value of equity shares ¹		Carrying amount	
Samsung Electro-Mechanics	₩ 359,237	₩	1,302,100	₩	1,192,055
Samsung SDS	147,963		1,465,519		1,494,065
Samsung Biologics	443,193		1,399,262		1,404,121
Samsung SDI	1,242,605		2,476,009		2,217,169
Cheil Worldwide	506,162		265,083		563,861
Other	556,377		406,004		574,759
Total	₩ 3,255,537	₩	7,313,977	₩	7,446,030

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

<i>(In millions of Korean won)</i>		December 31, 2019			
Investee	Acquisition cost	Net asset value of equity shares ¹		Carrying amount	
Samsung Electro-Mechanics	₩ 359,237	₩	1,237,753	₩	1,152,734
Samsung SDS	147,963		1,478,586		1,499,571
Samsung Biologics	443,193		1,371,315		1,377,043
Samsung SDI	1,242,605		2,481,233		2,233,516
Cheil Worldwide	506,162		271,409		570,215
Other	550,404		373,606		523,794
Total	₩ 3,249,564	₩	7,213,902	₩	7,356,873

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

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(2) Investments in joint ventures

<i>(In millions of Korean won)</i>		June 30, 2020			
Investee	Acquisition cost	Net asset value of equity shares ¹		Carrying amount	
Samsung Corning Advanced Glass	₩ 215,000	₩	175,024	₩	175,020
Other	259,994		68,895		72,828
Total	₩ 474,994	₩	243,919	₩	247,848

¹ The Company's portion of net asset value of joint ventures is based on the Company's percentage of ownership.

<i>(In millions of Korean won)</i>		December 31, 2019			
Investee	Acquisition cost	Net asset value of equity shares ¹		Carrying amount	
Samsung Corning Advanced Glass	₩ 215,000	₩	173,746	₩	173,742
Other	259,994		66,848		60,997
Total	₩ 474,994	₩	240,594	₩	234,739

¹ The Company's portion of net asset value of joint ventures is based on the Company's percentage of ownership.

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

(1) For the six month period ended June 30, 2020

<i>(In millions of Korean won)</i>	Balance as of January 1		Share of profit (loss)		Share of other comprehensive income		Other¹	Balance as of June 30	
Samsung Electro-Mechanics	₩	1,152,734	₩	50,038	₩	8,745	₩	(19,462)	₩ 1,192,055
Samsung SDS		1,499,571		25,862		6,520		(37,888)	1,494,065
Samsung Biologics		1,377,043		26,712		366		-	1,404,121
Samsung SDI		2,233,516		7,044		(9,928)		(13,463)	2,217,169
Cheil Worldwide		570,215		16,485		972		(23,811)	563,861
Samsung Corning Advanced Glass		173,742		1,278		-		-	175,020
Other		584,791		19,447		(7,543)		50,892	647,587
Total	₩	7,591,612	₩	146,866	₩	(868)	₩	(43,732)	₩ 7,693,878

¹ Other consists of acquisitions, disposals, dividends, impairment and reclassification.

(2) For the six month period ended June 30, 2019

<i>(In millions of Korean won)</i>	Balance as of January 1		Share of profit (loss)		Share of other comprehensive income		Other¹	Balance as of June 30	
Samsung Electro-Mechanics	₩	1,126,043	₩	9,723	₩	15,971	₩	(17,693)	₩ 1,134,044
Samsung SDS		1,376,321		74,476		9,243		(34,944)	1,425,096
Samsung Biologics		1,308,546		(17,216)		4,098		-	1,295,428
Samsung SDI		2,197,335		38,924		10,582		(13,463)	2,233,378
Cheil Worldwide		549,165		21,619		4,659		(22,359)	553,084
Samsung Corning Advanced Glass		173,499		1,243		-		-	174,742
Other		582,297		13,404		21,704		(43,343)	574,062
Total	₩	7,313,206	₩	142,173	₩	66,257	₩	(131,802)	₩ 7,389,834

¹ Other consists of acquisitions, disposals, dividends, impairment, and reclassification.

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

- (1) Summary of condensed financial information of major associates and dividends received from associates as of June 30, 2020 and December 31, 2019, and for the six month period ended June 30, 2020 and 2019 are as follows:

(In millions of Korean won)	2020				
	Samsung Electro-Mechanics	Samsung SDS	Samsung Biologics	Samsung SDI	Cheil Worldwide
1. Condensed financial information					
Condensed statements of financial position :					
Current assets	₩ 3,936,107	₩ 6,375,255	₩ 1,516,689	₩ 5,614,982	₩ 1,601,122
Non-current assets	5,252,288	2,622,769	4,516,185	14,924,980	473,350
Current liabilities	2,273,159	1,755,270	833,484	4,754,460	948,440
Non-current liabilities	1,355,433	582,301	756,192	3,133,378	193,174
Non-controlling interests	155,277	177,345	-	353,139	8,305
Condensed statements of comprehensive income:					
Revenue	4,036,677	5,002,685	514,888	4,956,144	1,324,015
Profit (loss) from continuing operations ¹	165,393	114,354	88,672	33,790	57,495
Profit (loss) from discontinued operation ¹	5,833	-	-	-	-
Other comprehensive income ¹	31,497	8,926	73	7,202	1,441
Total comprehensive income ¹	202,723	123,280	88,745	40,992	58,936
2. Dividends from associates					
Dividends	₩ 19,462	₩ 41,933	₩ -	₩ 13,463	₩ 23,811

¹ Profit (loss) attributable to owners of the investee

(In millions of Korean won)	2019				
	Samsung Electro-Mechanics	Samsung SDS	Samsung Biologics	Samsung SDI	Cheil Worldwide
1. Condensed financial information					
Condensed statements of financial position:					
Current assets	₩ 3,507,525	₩ 6,383,847	₩ 1,356,262	₩ 5,181,415	₩ 1,787,299
Non-current assets	5,166,724	2,637,389	4,555,365	14,670,682	504,347
Current liabilities	1,850,405	1,698,187	690,505	3,741,523	1,115,652
Non-current liabilities	1,393,746	597,891	866,668	3,450,229	219,178
Non-controlling interests	145,050	179,362	-	335,408	10,197
Condensed statements of comprehensive income:					
Revenue	3,979,272	5,278,539	203,447	4,708,570	1,675,319
Profit (loss) from continuing operations ¹	257,038	329,590	(53,242)	198,733	66,879
Profit (loss) from discontinued operation ¹	176,373	-	-	-	-
Other comprehensive income ¹	69,205	41,280	(477)	139,429	10,445
Total comprehensive income ¹	502,616	370,870	(53,719)	338,162	77,324
2. Dividends from associates					
Dividends	₩ 17,693	₩ 34,944	₩ -	₩ 13,463	₩ 22,359

¹ Profit (loss) attributable to owners of the investee.

Samsung Electronics Co., Ltd. and its subsidiaries

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- (2) Summary of condensed financial information of major joint ventures and dividends received from joint ventures as of June 30, 2020 and December 31, 2019, and for the six month period ended June 30, 2020 and 2019 are as follows:

	Samsung Corning Advanced Glass			
(In millions of Korean won)	2020		2019	
1. Condensed financial information				
Condensed statements of financial position:				
Current assets	₩	165,094	₩	164,870
- Cash and cash equivalent		18,446		35,553
Non-current assets		222,062		225,334
Current liabilities		34,322		40,567
- Financial liabilities ¹		16,682		21,108
Non-current liabilities		2,786		2,146
Condensed statements of comprehensive income ² :				
Revenue		110,868		123,099
Depreciation and amortization		510		309
Interest income		411		272
Income tax expense		405		352
Profit from continuing operations		2,555		2,487
Other comprehensive income		-		-
Total comprehensive income		2,555		2,487
2. Dividends from joint ventures				
Dividends	₩	-	₩	-

¹ Trade payables, other payables and provisions are excluded.

² Amounts for the six month period ended June 30, 2020 and 2019.

- (3) Profit (loss) attributable to owners of the parent company from associates and joint ventures which are not individually material for the six month period ended June 30, 2020 and 2019 are as follows:

<i>(In millions of Korean won)</i>	2020		2019	
	Associates	Joint ventures	Associates	Joint ventures
Profit from continuing operations	₩ 18,950	₩ 497	₩ 12,857	₩ 547
Other comprehensive income	(10,390)	2,847	16,372	5,332
Total comprehensive income	₩ 8,560	₩ 3,344	₩ 29,228	₩ 5,878

- (F) Details of marketable investments in associates as of June 30, 2020 and December 31, 2019 are as follows:

<i>(In millions of Korean won and number of shares)</i>	June 30, 2020		December 31, 2019	
	Number of shares held	Market value	Market value	
Samsung Electro-Mechanics	17,693,084	₩ 2,282,408	₩	2,211,636
Samsung SDS	17,472,110	2,944,051		3,398,325
Samsung Biologics	20,836,832	16,148,545		9,022,348
Samsung SDI	13,462,673	4,893,682		3,177,191
Cheil Worldwide	29,038,075	476,224		698,366

Samsung Electronics Co., Ltd. and its subsidiaries
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(G) Other matters

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

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

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

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

7. Property, Plant and Equipment

(A) Changes in property, plant and equipment for the six month period ended June 30, 2020 and 2019 are as follows:

<i>(In millions of Korean won)</i>		2020		2019
Balance as of January 1	₩	119,825,474	₩	115,416,724
Acquisition and capital expenditures		17,457,097		11,221,619
Depreciation		(13,199,555)		(13,481,068)
Disposals, scrap, and impairment		(267,125)		(476,482)
Other ¹		478,687		3,943,396
Balance as of June 30	₩	124,294,578	₩	116,624,189

¹ Other includes the cumulative effect of changes in accounting principles, changes in foreign currency exchange rates, offset of government grants, and acquisition from business combinations.

(B) Details of depreciation of property, plant and equipment for the six month period ended June 30, 2020 and 2019 are as follows:

<i>(In millions of Korean won)</i>		2020		2019
Cost of sales	₩	11,570,719	₩	12,026,558
Selling and administrative expenses, and etc.		1,628,836		1,454,510
Total	₩	13,199,555	₩	13,481,068

(C) Right-of-use assets as of June 30, 2020 amounts to ₩ 3,170,501 million (December 31, 2019: ₩ 3,311,919 million). During the six month period ended June 30, 2020 and 2019, newly recognized right-of-use assets amounted to ₩ 379,297 million and ₩ 510,193 million, respectively, with relevant depreciation of ₩ 403,627 million and ₩ 365,511 million, respectively.

8. Intangible Assets

(A) Changes in intangible assets for the six month period ended June 30, 2020 and 2019 are as follows:

<i>(In millions of Korean won)</i>		2020		2019
Balance as of January 1	₩	20,703,504	₩	14,891,598
External acquisitions		748,823		301,570
Internally generated (development costs)		-		260,043
Amortization		(1,624,379)		(505,176)
Disposals, scrap, and impairment		(700,543)		(24,473)
Other ¹		480,849		619,463
Balance as of June 30	₩	19,608,254	₩	15,543,025

¹ Other includes the cumulative effect of changes in foreign currency exchange rates and acquisition from business combinations.

(B) Details of amortization of intangible assets for the six month period ended June 30, 2020 and 2019 are as follows:

<i>(In millions of Korean won)</i>		2020		2019
Cost of sales	₩	1,155,778	₩	164,839
Selling and administrative expenses and other		468,601		340,337
Total	₩	1,624,379	₩	505,176

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9. Borrowings

Details of the carrying amounts of borrowings as of June 30, 2020 and December 31, 2019 are as follows:

<i>(In millions of Korean won)</i>	Financial institutions	Annual interest rates (%) as of June 30, 2020	June 30, 2020	December 31, 2019
Short-term borrowings				
Collateralized borrowings ¹	Woori Bank and others	0.0~18.3	₩ 10,015,640	₩ 11,734,361
Non-collateralized borrowings	Citibank and others	0.0~7.8	2,760,708	2,659,107
Total			₩ 12,776,348	₩ 14,393,468
Current portion of long-term borrowings				
Bank borrowings	KEB Hana Bank and others	2.6~4.5	₩ 30,115	₩ 35,376
Lease liabilities ²	CSSD and others	3.8	752,885	805,068
Total			₩ 783,000	₩ 840,444
Long-term borrowings				
Lease liabilities ²	CSSD and others	3.8	2,109,366	2,197,181
Total			₩ 2,109,366	₩ 2,197,181

¹ Collateralized borrowings are secured by trade receivables.

² Interest expenses arising from the lease liabilities during the six month ended June 30, 2020 and 2019 amounted to ₩ 56,477 million and ₩ 49,456 million, respectively, which were determined using the weighted average incremental borrowing rate. The right-of-use assets are pledged as collateral to the lessor in the event of default.

10. Debentures

Details of the carrying amounts of debentures as of June 30, 2020 and December 31, 2019 are as follows:

<i>(In millions of Korean won)</i>	Issue date	Due date	Annual interest rates (%) as of June 30, 2020	June 30, 2020	December 31, 2019
US dollar denominated straight bonds ¹	1997.10.2	2027.10.1	7.7	₩ 48,028 (USD 40 million)	₩ 46,312 (USD 40 million)
US dollar denominated debenture bonds ²	2015.5.6	2025.5.15	4.2	480,280 (USD 400 million)	463,120 (USD 400 million)
EURO denominated debenture bonds ³	2015.5.20	2022.5.27	2.0	472,568 (EUR 350 million)	454,100 (EUR 350 million)
Less: Discounts				(1,063)	(1,146)
Add: Premium				16,224	18,558
Less: Current portion				(5,871)	(5,646)
Total				₩ 1,010,166	₩ 975,298

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

² Harman International Industries issued US dollar denominated debenture bonds. Repayment of these debentures is due on the date of maturity and interest is paid semi-annually.

³ Harman Finance International SCA issued Euro denominated debenture bonds. Repayment of these debentures is due on the date of maturity and interest is paid annually.

Samsung Electronics Co., Ltd. and its subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

11. Net Defined Benefit Liabilities (Assets)

- (A) Details of net defined benefit liabilities (assets) recognized in the statements of financial position as of June 30, 2020 and December 31, 2019 are as follows:

<i>(In millions of Korean won)</i>	June 30, 2020		December 31, 2019	
Present value of funded defined benefit obligations	₩	11,282,712	₩	10,864,675
Present value of unfunded defined benefit obligations		320,625		283,394
Subtotal		11,603,337		11,148,069
Fair value of plan assets		(11,256,190)		(11,267,121)
Total	₩	347,147	₩	(119,052)

- (B) The components of defined benefit costs recognized in profit or loss for the six month period ended June 30, 2020 and 2019 relating to defined benefit plans are as follows:

<i>(In millions of Korean won)</i>	2020		2019	
Current service cost	₩	570,235	₩	461,358
Net interest income		(4,694)		(1,384)
Past service cost		488		845
Other		(6,608)		692
Total	₩	559,421	₩	461,511

- (C) The expenses related to defined benefit plans recognized in the statements of profit or loss for the six month period ended June 30, 2020 and 2019 are as follows:

<i>(In millions of Korean won)</i>	2020		2019	
Cost of sales	₩	251,493	₩	208,532
Selling and administrative expenses and other		307,928		252,979
Total	₩	559,421	₩	461,511

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12. Provisions

Changes in the provisions for the six month period ended June 30, 2020 are as follows:

<i>(In millions of Korean won)</i>		Warranty (A)		Royalty expenses (B)		Long-term incentives (C)		Other (D, E)		Total
Balance as of January 1	₩	1,791,007	₩	1,053,448	₩	793,270	₩	1,042,002	₩	4,679,727
Charged to profit or loss		531,689		232,482		320,677		1,122,644		2,207,492
Payment		(629,933)		(67,119)		(157,151)		(465,740)		(1,319,943)
Other ¹		15,345		28,063		5,078		(5,352)		43,134
Balance as of June 30	₩	1,708,108	₩	1,246,874	₩	961,874	₩	1,693,554	₩	5,610,410

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

- (A) The Company accrues warranty reserves for estimated costs of future service, repairs and recalls based on historical experience and terms of warranty programs.
- (B) The Company recognizes provisions for the estimated royalty expenses that are under negotiation with counterparties. The timing and amount of payment depend on the settlement of the negotiation.
- (C) The Company has a long-term incentive plan for its executives based on a three-year management performance criteria and recognizes a provision for the estimated incentive cost for the accrued period.
- (D) The Company records provisions for the estimated expenses occurring from discontinuing production, sale of products and other activities.
- (E) The Company makes provisions for the carrying amounts of emission rights held by the Company and the emission in excess of the emission rights for the applicable years. Details of emission rights and liabilities as of June 30, 2020 are as follows:

- (1) Allocated amount of emission permits and the estimated amount of emission as of June 30, 2020 are as follows:

<i>(In ten thousand metric tons)</i>	June 30, 2020
Allocated emission permits	1,572
Estimated volume of emission	1,857

- (2) Changes in the emission permits rights for the six month period ended June 30, 2020 are as follows:

<i>(In millions of Korean won)</i>	2020
Balance as of January 1	₩ 38,787
Acquisition	66
Balance as of June 30	₩ 38,853

- (3) Changes in emissions liabilities for the six month period ended June 30, 2020 are as follows:

<i>(In millions of Korean won)</i>	2020
Balance as of January 1	₩ 18,414
Charged to the statement of profit or loss	57,579
Submission	-
Balance as of June 30	₩ 75,993

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13. Commitments and Contingencies

(A) Litigation

The Company is involved in various claims, disputes, and investigations conducted by regulatory bodies, which arose during the normal course of business with numerous entities. Although the outflow of resources and timing of these matters are uncertain, as of the reporting date, the Company believes the outcome will not have a material impact on the financial position of the Company.

14. Contract Liabilities

The Company has recognized contract liabilities related to contracts with customers as follows:

<i>(In millions of Korean won)</i>	June 30, 2020		December 31, 2019	
Contract liabilities ¹	₩	7,718,295	₩	9,240,401

¹ Contract liabilities include advances received, accrued expenses, other current liabilities and others.

15. Share Capital

As of June 30, 2020, the Company's total number of authorized shares is 25,000,000,000 shares (₩ 100 per share). The Company has issued 5,969,782,550 shares of ordinary shares and 822,886,700 shares of preference shares as of June 30, 2020, excluding retired shares. Due to the retirement of shares, the total par value of the shares issued is ₩ 679,267 million (ordinary shares of ₩ 596,978 million and preference shares of ₩ 82,289 million), which does not agree with paid-in capital of ₩ 897,514 million.

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16. Retained Earnings

(A) Retained earnings as of June 30, 2020 and December 31, 2019 consist of the following:

<i>(In millions of Korean won)</i>		June 30, 2020		December 31, 2019
Discretionary reserve, etc.	₩	174,165,282	₩	168,322,868
Unappropriated		85,999,771		86,260,026
Total	₩	260,165,053	₩	254,582,894

(B) Details of interim dividends for the six month period ended June 30, 2020 and 2019 are as follows:

<i>(In millions of Korean won and number of shares)</i>			2020	2019
1 st Quarter	Number of shares eligible for dividends	Ordinary shares	5,969,782,550	5,969,782,550
		Preference shares	822,886,700	822,886,700
	Dividend rate (based on par value)		354%	354%
	Dividend amount	Ordinary shares	₩ 2,113,303	₩ 2,113,303
		Preference shares	291,302	291,302
		Total	₩ 2,404,605	₩ 2,404,605
2 nd Quarter	Number of shares eligible for dividends	Ordinary shares	5,969,782,550	5,969,782,550
		Preference shares	822,886,700	822,886,700
	Dividend rate (based on par value)		354%	354%
	Dividend amount	Ordinary shares	₩ 2,113,303	₩ 2,113,303
		Preference shares	291,302	291,302
		Total	₩ 2,404,605	₩ 2,404,605

17. Other Components of Equity

Other components of equity as of June 30, 2020 and December 31, 2019 are as follows:

<i>(In millions of Korean won)</i>	June 30, 2020	December 31, 2019
Gain on valuation of financial assets at fair value through other comprehensive income	₩ 2,964,669	₩ 2,573,530
Share of other comprehensive income (loss) of associates and joint ventures	(13,851)	(12,735)
Foreign currency translation	(4,721,493)	(5,645,769)
Remeasurement of net defined benefit liabilities (assets)	(1,981,042)	(1,944,284)
Other	30,622	60,429
Total	₩ (3,721,095)	₩ (4,968,829)

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

18. Expenses by Nature

Expenses by nature for the three and six month period ended June 30, 2020 and 2019 consist of the following:

<i>(In millions of Korean won)</i>	June 30, 2020		June 30, 2019	
	3 Month	6 Month	3 Month	6 Month
Changes in finished goods and work in process	₩ (40,147)	₩ 605,592	₩ 539,703	₩ (1,220,776)
Raw materials used and merchandise purchased	16,090,402	34,501,494	19,604,648	38,934,187
Wages and salaries	6,069,128	12,156,419	6,002,649	11,928,628
Post-employment benefit	309,438	614,901	273,719	553,953
Depreciation	6,608,388	13,199,555	6,640,252	13,481,068
Amortization	809,941	1,624,379	250,448	505,176
Welfare	1,170,925	2,312,483	1,184,796	2,346,648
Utilities	1,105,055	2,259,758	1,067,048	2,169,079
Outsourcing	1,346,967	2,696,137	1,240,431	2,427,118
Advertising	634,452	1,594,080	1,113,121	2,078,644
Sales promotion expenses	1,085,484	2,697,575	1,702,414	3,435,379
Other	9,629,817	19,435,310	9,910,810	19,043,199
Total¹	₩ 44,819,850	₩ 93,697,683	₩ 49,530,039	₩ 95,682,303

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

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19. Selling and Administrative Expenses

Selling and administrative expenses for the three and six month period ended June 30, 2020 and 2019 are as follows:

(In millions of Korean won)	June 30, 2020		June 30, 2019	
	3 Month	6 Month	3 Month	6 Month
1) Selling and administrative expenses				
Wages and salaries	₩ 1,721,686	₩ 3,355,339	₩ 1,603,967	₩ 3,180,098
Post-employment benefit	65,197	122,521	61,497	135,210
Commissions and service charges	1,430,844	2,811,119	1,277,223	2,601,238
Depreciation	406,159	815,723	390,401	774,385
Amortization	148,681	293,392	109,274	213,751
Advertising	634,452	1,594,080	1,113,121	2,078,644
Sales promotion expenses	1,085,484	2,697,575	1,702,414	3,435,379
Transportation	503,393	955,634	528,536	1,032,771
Warranty	634,611	1,367,139	685,948	1,387,826
Other	1,065,503	2,394,633	1,160,556	2,296,865
2) Research and development expenses				
Total expenses	5,217,642	10,577,636	5,084,497	10,115,043
Capitalized expenses	-	-	(132,079)	(260,043)
Total	₩ 12,913,652	₩ 26,984,791	₩ 13,585,355	₩ 26,991,167

20. Other Non-Operating Income and Expenses

Details of other non-operating income and expenses for the three and six month period ended June 30, 2020 and 2019 are as follows:

(In millions of Korean won)	June 30, 2020		June 30, 2019	
	3 Month	6 Month	3 Month	6 Month
Non-operating income				
Dividend income	₩ 45,609	₩ 81,638	₩ 49,932	₩ 84,643
Rental income	36,045	72,330	36,219	75,389
Gain on disposal of investments	10,252	34,257	13,693	25,056
Gain on disposal of property, plant and equipment	26,394	61,779	78,132	167,811
Other	171,979	355,781	182,183	329,042
Total	₩ 290,279	₩ 605,785	₩ 360,159	₩ 681,941

(In millions of Korean won)	June 30, 2020		June 30, 2019	
	3 Month	6 Month	3 Month	6 Month
Non-operating expenses				
Loss on disposal of property, plant and equipment	₩ 39,871	₩ 49,037	₩ 33,799	₩ 77,747
Donations	83,252	160,696	154,580	200,186
Other	937,716	1,215,161	124,504	292,081
Total	₩ 1,060,839	₩ 1,424,894	₩ 312,883	₩ 570,014

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21. Financial Income and Expenses

(A) Details of financial income and expenses for the three and six month period ended June 30, 2020 and 2019 are as follows:

<i>(In millions of Korean won)</i>	June 30, 2020		June 30, 2019	
	3 Month	6 Month	3 Month	6 Month
Financial income				
Interest income:	₩ 463,098	₩ 1,049,931	₩ 672,300	₩ 1,334,310
- Financial assets measured at amortized cost	462,986	1,049,736	672,174	1,334,071
- Financial assets measured at fair value through profit or loss	112	195	126	239
Foreign exchange differences	1,125,062	3,887,564	2,338,480	3,377,842
Gains from derivatives	181,423	623,466	140,803	355,967
Total	₩ 1,769,583	₩ 5,560,961	₩ 3,151,583	₩ 5,068,119

<i>(In millions of Korean won)</i>	June 30, 2020		June 30, 2019	
	3 Month	6 Month	3 Month	6 Month
Financial expenses				
Interest expenses:	₩ 100,356	₩ 240,529	₩ 180,619	₩ 354,680
- Financial liabilities measured at amortized cost	33,982	81,102	66,542	137,915
- Other financial liabilities	66,374	159,427	114,077	216,765
Foreign exchange differences	1,207,404	4,276,575	2,331,500	3,338,544
Losses from derivatives	154,080	438,702	168,933	367,000
Total	₩ 1,461,840	₩ 4,955,806	₩ 2,681,052	₩ 4,060,224

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

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

22. Income Tax Expense

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The average annual tax rate expected as of June 30, 2020 to be effective for the year ended December 31, 2020 is 28.1%.

23. Earnings per Share

(A) Basic earnings per share

Basic earnings per share for the three and six month period ended June 30, 2020 and 2019 are calculated as follows:

(1) Ordinary shares

<i>(In millions of Korean won, thousands of number of shares)</i>	June 30, 2020		June 30, 2019	
	3 Month	6 Month	3 Month	6 Month
Profit for the period attributable to owners of the parent company	₩ 5,488,964	₩ 10,378,563	₩ 5,064,530	₩ 10,172,020
Profit for the period available for ordinary shares	4,824,012	9,121,269	4,450,996	8,939,748
Weighted-average number of ordinary shares outstanding	5,969,783	5,969,783	5,969,783	5,969,783
Basic earnings per ordinary share (in Korean won)	₩ 808	₩ 1,528	₩ 746	₩ 1,497

(2) Preference shares

<i>(In millions of Korean won, thousands of number of shares)</i>	June 30, 2020		June 30, 2019	
	3 Month	6 Month	3 Month	6 Month
Profit for the period attributable to owners of the parent company	₩ 5,488,964	₩ 10,378,563	₩ 5,064,530	₩ 10,172,020
Profit for the period available for preference shares	664,952	1,257,294	613,534	1,232,273
Weighted-average number of preference shares outstanding	822,887	822,887	822,887	822,887
Basic earnings per preference share (in Korean won)	₩ 808	₩ 1,528	₩ 746	₩ 1,497

(B) Diluted earnings per share

The Company does not have dilutive potential ordinary shares and as a result, basic earnings per share and diluted earnings per share are the same for the three and six month period ended June 30, 2020 and 2019.

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24. Cash Generated from Operating Activities

Adjustments and changes in assets and liabilities arising from operating activities for the six month period ended June 30, 2020 and 2019 are as follows:

- Adjustments

<i>(In millions of Korean won)</i>	2020	2019
Adjustments:		
Income tax expense	₩ 4,086,540	₩ 3,868,181
Financial income	(2,121,411)	(2,267,491)
Financial expenses	1,452,492	1,357,477
Post-employment benefits	614,901	553,953
Depreciation	13,199,555	13,481,068
Amortization	1,624,379	505,176
Bad debt expenses (reversal)	44,885	42,026
Dividend income	(81,638)	(84,643)
Share of profit of associates and joint ventures	(146,866)	(142,173)
Gain on disposal of property, plant and equipment	(61,779)	(167,811)
Loss on disposal of property, plant and equipment	49,037	77,747
Loss on valuation of inventories	1,100,034	788,880
Gain on disposal of investments	(34,257)	(25,056)
Others	25,262	9,635
Total	₩ 19,751,134	₩ 17,996,969

- Changes in assets and liabilities arising from operating activities

<i>(In millions of Korean won)</i>	2020	2019
Changes in assets and liabilities :		
Decrease (increase) in trade receivables	₩ 2,303,513	₩ 747,983
Decrease (increase) in other receivables	543,346	(104,210)
Decrease (increase) in advance payments	(16,383)	(152,627)
Decrease (increase) in prepaid expenses	(101,621)	386,741
Decrease (increase) in inventories	(3,879,017)	(2,332,910)
Increase (decrease) in trade payables	417,181	(1,175,012)
Increase (decrease) in other payables	(324,107)	(1,321,087)
Increase (decrease) in advances received	(127,585)	60,562
Increase (decrease) in withholdings	(72,804)	(264,446)
Increase (decrease) in accrued expenses	(1,518,453)	(4,857,283)
Increase (decrease) in provisions	887,549	1,934,686
Payment of post-employment benefits	(339,398)	(177,055)
Others	(234,240)	(512,853)
Total	₩ (2,462,019)	₩ (7,767,511)

Repayment of the principal (financial activities) for the six month period ended June 30, 2020 and 2019, were ₩ 418,931 million and ₩ 316,286 million, respectively, while payment of interest expenses for lease liabilities (operating activities) amount to ₩ 56,477 million and ₩ 49,456 million, respectively.

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25. Financial Risk Management

The Company's financial risk management focuses on minimizing market risk, credit risk, and liquidity risk arising from operating activities. To mitigate these risks, the Company implements and operates a financial risk policy and program that closely monitors and manages such risks. In addition, the Company uses derivatives to hedge certain risk exposure.

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.

The Company also operates local finance centers in accordance with global financial risk management across major regions, including the United States, United Kingdom, Singapore, China, Brazil and Russia.

The Company's financial assets that are under financial risk management are comprised of cash and cash equivalents, short-term financial instruments, financial assets at amortized cost, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, trade receivables and other receivables. The Company's financial liabilities under financial risk management are comprised of trade payables, borrowings, debentures, and other liabilities.

(A) Market risk

(1) Foreign exchange risk

Revenues and expenses arise from foreign currency transactions and exchange positions, and the most widely used currencies are the US dollar, EU's Euro, and Indian Rupee.

To minimize foreign exchange risk arising from operating activities, the Company's foreign exchange management policy requires normal business transactions to be in local currency or for the cash-in currency to be matched up with the cash-out currency. In addition, the Company makes use of derivatives to minimize the uncertainty of cash flows and fluctuation of profit or loss occurring from foreign exchange risk. The Company's foreign exchange risk management policy also defines foreign exchange risk, measuring period, controlling responsibilities, management procedures, hedging period and hedge ratio.

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

(2) Interest rate risk

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

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

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(3) Price risk

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

As of June 30, 2020 and 2019, price fluctuation of marketable equity securities by 1% would result in changes in other comprehensive income (before income tax) of ₩ 47,701 million and ₩ 34,792 million, respectively, and changes in profit before tax of ₩ 2,216 million and ₩ 289 million, respectively.

(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 limit on a periodic basis based on the client's and counterparty's financial conditions, default history and other important factors. Adequate insurance coverage is maintained for trade receivables related to trading partners situated in higher risk countries.

Credit risk can arise from transactions with financial institutions which include financial instrument transactions such as cash and cash equivalents, deposits, and derivative instruments. To minimize such risk, the Company transacts only with banks which have a strong international credit rating (S&P A and above), and all new transactions with financial institutions with no prior transaction history are approved, managed and monitored by the Company's finance team and the local finance center. The Company generally enters into a financial agreement with no restrictions, such as debt ratio covenants, provision of collateral and/or repayment of loans/ borrowings. The Company requires separate approvals for contracts with restrictions.

As of June 30, 2020 and December 31, 2019, the Company estimates that its maximum exposure to credit risk is the carrying amount of its financial assets, net of impairment losses.

(C) Liquidity risk

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

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

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

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(D) Capital risk management

The purpose of capital management is to maintain a sound capital structure. The Company monitors capital on the basis of credit ratings and debt ratio. Debt ratio is calculated by dividing total liabilities by total equity in the financial statements.

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

The total liabilities to equity ratios as of June 30, 2020 and December 31, 2019 are as follows:

<i>(In millions of Korean won)</i>	June 30, 2020		December 31, 2019	
Total liabilities	₩	88,151,682	₩	89,684,076
Total equity		269,807,817		262,880,421
Debt ratio		32.7%		34.1%

(E) Fair value estimation

- (1) Carrying amounts and fair values of financial instruments by category as of June 30, 2020 and December 31, 2019 are as follows:

<i>(In millions of Korean won)</i>	June 30, 2020		December 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	₩ 36,109,613	(*)	₩ 26,885,999	(*)
Short-term financial instruments	75,127,611	(*)	76,252,052	(*)
Short-term financial assets at amortized cost	1,224,565	(*)	3,914,216	(*)
Short-term financial assets at fair value through profit or loss	582,641	582,641	1,727,436	1,727,436
Trade receivables	32,989,762	(*)	35,131,343	(*)
Financial assets at fair value through other comprehensive income	9,511,923	9,511,923	8,920,712	8,920,712
Financial assets at fair value through profit or loss	1,128,261	1,128,261	1,049,004	1,049,004
Other ²	6,993,073	211,867	9,864,541	208,126
Total financial assets	₩ 163,667,449		₩ 163,745,303	
Financial liabilities				
Trade payables	₩ 9,545,977	(*)	₩ 8,718,222	(*)
Short-term borrowings	12,776,348	(*)	14,393,468	(*)
Other payables	8,707,907	(*)	11,034,253	(*)
Current portion of long-term liabilities	788,871	(*)(*3)	846,090	(*)(*3)
Debentures	1,010,166	1,055,324	975,298	1,013,245
Long-term borrowings	2,109,366	(*)(*3)	2,197,181	(*)(*3)
Long-term other payables ²	1,626,062	2,401	1,822,927	2,316
Other ²	8,472,031	235,776	8,374,146	215,211
Total financial liabilities	₩ 45,036,728		₩ 48,361,585	

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

² Assets measured at the cost of ₩ 6,781,206 million (December 31, 2019: ₩ 9,656,415 million) and liabilities measured at the cost of ₩ 9,859,916 million (December 31, 2019: ₩ 9,979,546 million) are excluded as the carrying amount is a reasonable approximation of fair value.

³ Lease liabilities, classified under the current portion of long-term liabilities and long-term borrowings, are excluded from the fair value disclosures in accordance with *Korean IFRS 1107*.

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- (2) Fair value hierarchy classifications of the financial instruments that are measured or disclosed at fair value as of June 30, 2020 and December 31, 2019 are as follows:

		June 30, 2020			
(In millions of Korean won)		Level 1	Level 2	Level 3	Total balance
1) Assets					
Financial assets at fair value through other comprehensive income	₩	4,770,125	₩ -	₩ 4,741,798	₩ 9,511,923
Financial assets at fair value through profit or loss		221,562	59,966	1,429,374	1,710,902
Other		-	211,867	-	211,867
2) Liabilities					
Debentures		-	1,055,324	-	1,055,324
Long-term other payables		-	-	2,401	2,401
Other		-	235,776	-	235,776

		December 31, 2019			
(In millions of Korean won)		Level 1	Level 2	Level 3	Total balance
1) Assets					
Financial assets at fair value through other comprehensive income	₩	4,105,456	₩ -	₩ 4,815,256	₩ 8,920,712
Financial assets at fair value through profit or loss		163,046	20,966	2,592,428	2,776,440
Other		-	208,126	-	208,126
2) Liabilities					
Debentures		-	1,013,245	-	1,013,245
Long-term other payables		-	-	2,316	2,316
Other		-	215,211	-	215,211

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

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. The instruments included in Level 1 are listed equity investments, most of which are classified as financial assets at fair value through other comprehensive income.

The fair value of financial instruments that are not traded in an active market (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 are not based on observable market data, the instrument is included in Level 3.

The Company performs the fair value measurements required for financial reporting purposes, including Level 3 fair values and discusses valuation processes and results at least once every quarter in line with the Company's quarterly reporting dates.

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The Company's policy is to recognize transfers between levels at the end of the reporting period, if corresponding events or changes in circumstances have occurred.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date, with the resulting value discounted back to present value

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

(3) Valuation technique and the inputs

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

The following table presents the valuation technique and the inputs used for major financial instruments classified as Level 3 as of June 30, 2020.

(In millions of Korean won)

Classification	Fair value	Valuation technique	Level 3 inputs	Input range (Weighted average)
Financial assets at fair value through other comprehensive income				
Maltani	₩ 9,524	Discounted cash flow	Permanent growth rate	-1.0%~1.0%(0%)
			Weighted average cost of capital	9.1%~11.1%(10.1%)
Samsung Venture Investment	13,394	Discounted cash flow	Permanent growth rate	-1.0%~1.0%(0%)
			Weighted average cost of capital	18.3%~20.3%(19.3%)
Corning Incorporated convertible preference shares	3,915,949	Trinomial model	Risk-adjusted discount rate	4.9%~6.9%(5.9%)
			Price volatility	28.6%~34.6%(31.6%)
Long-term other payables				
Contingent financial liability	2,401	Probability-weighted discounted cash flow	Applicable probability rate	50%

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(4) Changes in Level 3 instruments during the six month period ended June 30, 2020 and 2019 are as follows:

<i>(In millions of Korean won)</i>	2020		2019	
Financial assets				
Balance as of January 1	₩	7,407,684	₩	7,165,466
Acquisitions		594,430		1,952,720
Disposals		(1,836,610)		(2,265,529)
Amount recognized in profit or loss		(17,065)		16,001
Amount recognized in other comprehensive income		(87,117)		504,177
Other		109,850		98,097
Balance as of June 30	₩	6,171,172	₩	7,470,932
Financial liabilities				
Balance as of January 1	₩	2,316	₩	14,502
Repayment		-		(671)
Amount recognized in profit or loss		-		(11,454)
Other		85		381
Balance as of June 30	₩	2,401	₩	2,758

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

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

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

<i>(In millions of Korean won)</i>	Favorable changes		Unfavorable changes	
	Profit or loss	Equity	Profit or loss	Equity
Financial assets at fair value through other comprehensive income ¹	₩ -	₩ 337,604	₩ -	₩ (233,424)

¹ For equity securities, changes in fair value are calculated with the correlation between growth rate (-1%~1%), volatility (28.6%~34.6%) and discount rate, which are significant unobservable inputs.

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26. Segment Information

(A) Operating segment information

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

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

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

(1) For the six month period ended June 30, 2020

(In millions of Korean won)	CE	IM	DS			Harman	Total ¹	Intercompany elimination	Consolidated
			Total ¹	Semiconductor	DP				
Total revenue	₩ 45,527,678	₩ 96,759,659	₩ 100,068,482	₩ 70,214,775	₩ 28,549,703	₩ 4,147,091	₩ 247,350,333	₩(139,059,013)	₩108,291,320
Intercompany revenue	(25,057,292)	(50,002,865)	(50,886,967)	(34,339,518)	(15,239,377)	(503,298)	(139,059,013)	139,059,013	-
Net revenue ²	20,470,386	46,756,794	49,181,515	35,875,257	13,310,326	3,643,792	108,291,320	-	108,291,320
Depreciation	287,534	482,635	11,742,538	8,578,701	3,151,791	173,622	13,199,555	-	13,199,555
Amortization	37,019	700,982	673,151	536,814	131,374	118,807	1,624,379	-	1,624,379
Operating profit	1,184,645	4,599,623	9,455,711	9,419,763	11,502	(280,998)	14,593,637	-	14,593,637

¹ Other operating segments are not separately disclosed.

² Net revenue includes intersegment revenues.

(2) For the three month period ended June 30, 2020

(In millions of Korean won)	CE	IM	DS			Harman	Total ¹	Intercompany elimination	Consolidated
			Total ¹	Semiconductor	DP				
Total revenue	₩ 23,115,098	₩ 41,123,507	₩ 51,827,781	₩ 36,732,743	₩ 14,418,423	₩ 1,767,247	₩ 118,217,216	₩(65,251,074)	₩ 52,966,142
Intercompany revenue	(12,799,731)	(20,370,795)	(26,778,111)	(18,501,764)	(7,696,229)	(224,737)	(65,251,074)	65,251,074	-
Net revenue ²	10,315,367	20,752,712	25,049,670	18,230,979	6,722,194	1,542,509	52,966,142	-	52,966,142
Depreciation	150,848	215,899	5,910,642	4,346,064	1,558,741	83,189	6,608,388	-	6,608,388
Amortization	22,898	348,143	292,069	268,339	21,240	59,917	809,941	-	809,941
Operating profit	719,347	1,950,062	5,735,893	5,427,077	298,368	(93,383)	8,146,292	-	8,146,292

¹ Other operating segments are not separately disclosed.

² Net revenue includes intersegment revenues.

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(3) For the six month period ended June 30, 2019

(In millions of Korean won)	CE ¹	IM	DS			Harman	Total ²	Intercompany elimination	Consolidated
			Total ²	Semiconductor	DP				
Total revenue	₩ 48,101,826	₩ 112,117,316	₩ 86,638,576	₩ 56,864,310	₩ 28,544,076	₩ 5,550,217	₩ 253,373,897	₩(144,861,247)	₩ 108,512,650
Intercompany revenue	(26,720,814)	(59,056,569)	(42,491,909)	(26,304,211)	(14,798,087)	(837,578)	(144,861,247)	144,861,247	-
Net revenue ³	21,381,012	53,060,747	44,146,667	30,560,099	13,745,989	4,712,639	108,512,650	-	108,512,650
Depreciation	279,217	618,538	12,016,220	8,703,892	3,294,142	161,444	13,481,068	-	13,481,068
Amortization	24,337	50,959	231,231	175,097	52,575	112,562	505,176	-	505,176
Operating profit	1,196,576	3,835,257	7,683,110	7,520,639	187,445	100,371	12,830,347	-	12,830,347

¹ Segment information has been restated due to the reclassification of Healthcare and Medical Equipment business to CE segment.

² Other operating segments are not separately disclosed.

³ Net revenue includes intersegment revenues.

(4) For the three month period ended June 30, 2019

(In millions of Korean won)	CE ¹	IM	DS			Harman	Total ²	Intercompany elimination	Consolidated
			Total ²	Semiconductor	DP				
Total revenue	₩ 24,915,808	₩ 53,345,125	₩ 47,147,836	₩ 30,742,243	₩ 15,877,837	₩ 2,939,448	₩ 128,944,654	₩(72,817,550)	₩ 56,127,104
Intercompany revenue	(13,702,554)	(27,484,649)	(23,616,539)	(14,654,552)	(8,256,251)	(421,545)	(72,817,550)	72,817,550	-
Net revenue ³	11,213,254	25,860,476	23,531,297	16,087,691	7,621,586	2,517,903	56,127,104	-	56,127,104
Depreciation	138,263	305,806	5,891,312	4,246,066	1,636,412	85,232	6,640,252	-	6,640,252
Amortization	12,106	25,820	114,366	86,882	25,702	57,732	250,448	-	250,448
Operating profit	686,364	1,560,969	4,146,967	3,398,248	748,187	92,374	6,597,065	-	6,597,065

¹ Segment information has been restated due to the reclassification of Healthcare and Medical Equipment business to CE segment.

² Other operating segments are not separately disclosed.

³ Net revenue includes intersegment revenues.

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(B) Regional information

The regional segment information provided to the Management Committee for the reportable segments as of and for the three and six month period ended June 30, 2020 and 2019 are as follows:

(1) As of and for the six month period ended June 30, 2020

<i>(In millions of Korean won)</i>	Korea	America	Europe	Asia and Africa	China	Intercompany elimination	Consolidated
Net revenue	₩ 17,281,474	₩ 34,756,685	₩ 19,528,403	₩ 17,282,110	₩ 19,442,648	₩ -	₩ 108,291,320
Non-current assets ¹	102,733,180	9,710,747	6,717,757	10,714,989	14,738,071	(711,912)	143,902,832

¹ Financial instruments, deferred tax assets, and investments in associates and joint ventures are excluded from non-current assets

(2) As of and for the three month period ended June 30, 2020

<i>(In millions of Korean won)</i>	Korea	America	Europe	Asia and Africa	China	Intercompany elimination	Consolidated
Net revenue	₩ 9,393,870	₩ 16,496,213	₩ 8,589,578	₩ 8,250,211	₩ 10,236,270	₩ -	₩ 52,966,142
Non-current assets ¹	102,733,180	9,710,747	6,717,757	10,714,989	14,738,071	(711,912)	143,902,832

¹ Financial instruments, deferred tax assets, and investments in associates and joint ventures are excluded from non-current assets

(3) As of and for the six month period ended June 30, 2019

<i>(In millions of Korean won)</i>	Korea	America	Europe	Asia and Africa	China	Intercompany elimination	Consolidated
Net revenue	₩ 16,214,659	₩ 33,718,420	₩ 20,044,227	₩ 21,349,656	₩ 17,185,688	₩ -	₩ 108,512,650
Non-current assets ¹	93,758,765	10,528,481	6,622,079	11,817,340	9,745,330	(304,781)	132,167,214

¹ Financial instruments, deferred tax assets, and investments in associates and joint ventures are excluded from non-current assets

(4) As of and for the three month period ended June 30, 2019

<i>(In millions of Korean won)</i>	Korea	America	Europe	Asia and Africa	China	Intercompany elimination	Consolidated
Net revenue	₩ 8,897,591	₩ 17,004,312	₩ 9,806,214	₩ 11,106,459	₩ 9,312,528	₩ -	₩ 56,127,104
Non-current assets ¹	93,758,765	10,528,481	6,622,079	11,817,340	9,745,330	(304,781)	132,167,214

¹ Financial instruments, deferred tax assets, and investments in associates and joint ventures are excluded from non-current assets

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

27. Related Party Transactions

(A) Sale and purchase transactions

Sale and purchase transactions with related parties for the six month period ended June 30, 2020 and 2019 are as follows:

		2020			
<i>(In millions of Korean won)</i>	Name of company¹	Sales	Disposal of non-current assets	Purchases	Purchase of non-current assets
Associates and joint ventures	Samsung SDS	₩ 63,803	₩ -	₩ 845,359	₩ 225,949
	Samsung Electro-Mechanics	27,832	-	891,727	-
	Samsung SDI	40,484	272	294,295	32,768
	Cheil Worldwide	25,364	-	342,756	-
	Other	547,827	29	4,481,425	55,722
	Total (Associates and joint ventures)	₩ 705,310	₩ 301	₩ 6,855,562	₩ 314,439
Other related parties	Samsung C&T	₩ 44,168	₩ 2,492	₩ 174,588	₩ 1,222,976
	Other	150,467	-	539,999	187,040
	Total (Other related parties)	₩ 194,635	₩ 2,492	₩ 714,587	₩ 1,410,016
Other ²	Samsung Engineering	₩ 3,157	-	₩ 35,340	₩ 473,740
	S-1	12,082	-	215,993	15,404
	Other	43,085	-	131,880	37,532
	Total (Other)	₩ 58,324	₩ -	₩ 383,213	₩ 526,676

¹ Transactions with separate entities that are related parties of the Company.

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

		2019			
<i>(In millions of Korean won)</i>	Name of company¹	Sales	Disposal of non-current assets	Purchases	Purchase of non-current assets
Associates and joint ventures	Samsung SDS	₩ 56,665	₩ -	₩ 1,070,182	₩ 180,487
	Samsung Electro-Mechanics	38,897	-	1,140,102	16
	Samsung SDI	61,194	16,061	308,318	29,238
	Cheil Worldwide	23,958	-	410,212	958
	Other	525,919	-	5,145,473	126,248
	Total (Associates and joint ventures)	₩ 706,633	₩ 16,061	₩ 8,074,287	₩ 336,947
Other related parties	Samsung C&T	₩ 66,569	₩ -	₩ 171,422	₩ 2,342,820
	Other	93,932	-	549,807	307,728
	Total (Other related parties)	₩ 160,501	₩ -	₩ 721,229	₩ 2,650,548
Other ²	Samsung Engineering	₩ 1,686	₩ -	₩ 19,228	₩ 916,276
	S-1	10,916	-	199,928	6,539
	Other	68,270	-	116,525	170,783
	Total (Other)	₩ 80,872	₩ -	₩ 335,681	₩ 1,093,598

¹ Transactions with separate entities that are related parties of the Company.

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

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(B) Balances of receivables and payables

Balances of receivables and payables arising from sales and purchases of goods and services as of June 30, 2020 and December 31, 2019 are as follows:

(In millions of Korean won)		June 30, 2020	
		Receivables	Payables ²
Associates and joint ventures	Samsung SDS	₩ 7,763	₩ 494,960
	Samsung Electro-Mechanics	601	133,899
	Samsung SDI	102,882	89,272
	Cheil Worldwide	207	343,832
	Other	225,939	805,091
	Total (Associates and joint ventures)	₩ 337,392	₩ 1,867,054
Other related parties	Samsung C&T	₩ 244,210	₩ 1,168,821
	Other	23,435	199,033
	Total (Other related parties)	₩ 267,645	₩ 1,367,854
Other ³	Samsung Engineering	₩ 2,499	₩ 166,577
	S-1	6,314	38,014
	Other	6,575	31,487
	Total (Other)	₩ 15,388	₩ 236,078

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

² Payables and others include lease liabilities.

³ Although these entities are not related parties of the Company in accordance with *Korean IFRS 1024*, they belong to the same large enterprise group in accordance with the Monopoly Regulation and Fair Trade Act.

(In millions of Korean won)		December 31, 2019	
		Receivables	Payables ²
Associates and joint ventures	Samsung SDS	₩ 19,723	₩ 636,169
	Samsung Electro-Mechanics	2,457	207,339
	Samsung SDI	103,809	135,048
	Cheil Worldwide	423	415,785
	Other	177,491	997,632
	Total (Associates and joint ventures)	₩ 303,903	₩ 2,391,973
Other related parties	Samsung C&T	₩ 230,535	₩ 1,215,575
	Other	18,884	170,130
	Total (Other related parties)	₩ 249,419	₩ 1,385,705
Other ³	Samsung Engineering	₩ 2,734	₩ 629,584
	S-1	1,464	50,498
	Other	12,211	115,072
	Total (Other)	₩ 16,409	₩ 795,154

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

² Payables and others include lease liabilities.

³ Although these entities are not related parties of the Company in accordance with *Korean IFRS 1024*, they belong to the same large enterprise group in accordance with the Monopoly Regulation and Fair Trade Act.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

- (C) For the six month period ended June 30, 2020, the Company invested ₩ 19,424 million in associates and joint ventures (₩ 5,544 million for the six month period ended June 30, 2019). In addition, there was no recovered amount from associates and joint ventures during the six month period ended June 30, 2020 (₩ 306 million for the six month period ended June 30, 2019). The Company acquired PLP business from Samsung Electro-mechanics Co., Ltd., an associate, at ₩ 785,000 million during the six month period ended June 30, 2019.
- (D) For the six month period ended June 30, 2020, the Company declared ₩ 830,406 million of dividends (₩ 830,778 million for the six month period ended June 30, 2019) to related parties. In addition, for the six month period ended June 30, 2020 and 2019, the Company declared ₩ 62,872 million of dividends to the entities that are not related parties of the Company in accordance with *Korean IFRS 1024*, but belong to the same conglomerate according to the Monopoly Regulation and Fair Trade Act. As of June 30, 2020 and December 31, 2019, no dividends declared remains unpaid.
- (E) During the six month period ended June 30, 2020 and 2019, the Company did not enter into any lease agreement with its related parties, and lease payments to the related parties amounted to ₩ 27,759 million and ₩ 28,594 million, respectively.
- (F) Key management compensation

The compensation paid or payable to key management (executive directors) for their services for the six month period ended June 30, 2020 and 2019 consists of:

<i>(In millions of Korean won)</i>	2020	2019
Short-term employee benefits	₩ 3,743	₩ 3,032
Post-employment benefits	482	703
Other long-term employee benefits	3,573	3,225