

SAMSUNG SDI CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Financial Statements

**June 30, 2011 and 2010**

(With Independent Auditors' Review Report Thereon)

# Contents

	<b>Page</b>
<b>Independent Auditors' Review Report</b>	1
Condensed Consolidated Statements of Financial Position	3
Condensed Consolidated Statements of Comprehensive Income	4
Condensed Consolidated Statements of Changes in Equity	5
Condensed Consolidated Statements of Cash Flows	7
Notes to Condensed Consolidated Interim Financial Statements	9

## **Independent Auditors' Review Report**

Based on a report originally issued in Korean

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

### **Reviewed financial statements**

We have reviewed the accompanying condensed consolidated statement of financial position of Samsung SDI Co., Ltd. (the "Company") and its subsidiaries (the "Group") as of June 30, 2011 and the related condensed consolidated statements of comprehensive income for the three- and six-month periods ended June 30, 2011 and 2010, changes in equity and cash flows for the six-month periods ended June 30, 2011 and 2010, and notes, comprising a summary of significant accounting policies and other explanatory information ("the consolidated interim financial information").

### **Management's responsibility**

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

### **Auditors' review responsibility**

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

### **Conclusion**

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as of June 30, 2011 and 2010 is not prepared, in all material respects, in accordance with Korean International Financial Reporting Standards No. 1034 *Interim Financial Reporting*.

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

As discussed in note 33, the Group purchased solar battery business from Samsung Electronics Co., Ltd., the largest shareholder of the Company, for ₩ 160,800 million on July 1, 2011.

### **Other matter**

The consolidated statement of financial position of the Company as of December 31, 2010, the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, which are not

accompanying this report were audited by us and our report thereon, dated February 22, 2011, expressed an unqualified opinion. The accompanying consolidated statement of financial position of the Company as of December 31, 2010, presented for comparative purposes, is not different from that audited by us in all material respects.

Seoul, Korea  
August 24, 2011

This report is effective as of August 24, 2011, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Samsung SDI Co., Ltd. and Subsidiaries  
Condensed Consolidated Statements of Financial Position

As of June 30, 2011 and December 31, 2010

<i>(In thousands of won)</i>	<i>Note</i>	<b>2011</b>	<b>2010</b>
<b>Assets</b>			
Cash and cash equivalents	5,7 ₩	659,445,775	1,066,315,966
Trade and other receivables, net	5,8,31	1,009,755,384	764,052,952
Inventories, net	9	574,243,812	484,053,441
Other investments	5,10	62,425,123	81,971,175
Other assets	5,11	44,455,306	55,061,625
<b>Total current assets</b>		<u>2,350,325,400</u>	<u>2,451,455,159</u>
Long-term trade and other receivables, net	5,8,31	4,843,733	5,207,235
Equity method investments	12	1,721,217,375	1,149,114,945
Property, plant and equipment, net	13	1,760,380,812	1,727,038,798
Intangible assets, net	14	85,761,523	78,889,763
Investment property	15	56,129,760	58,627,591
Deferred tax assets		43,655,790	49,081,172
Non-current other investments	5,10	2,410,750,748	2,304,927,480
Non-current other assets	11	96,709,446	109,225,237
<b>Total non-current assets</b>		<u>6,179,449,187</u>	<u>5,482,112,221</u>
<b>Total assets</b>	₩	<u>8,529,774,587</u>	<u>7,933,567,380</u>
<b>Liabilities</b>			
Trade and other payables	5,16,31 ₩	901,668,274	755,001,325
Income taxes payable		15,577,672	8,683,576
Advance received		17,775,937	37,983,796
Unearned revenue		4,017,572	5,297,695
Short-term borrowings	5,17	434,780,625	130,401,918
Provisions	18	136,251,251	161,030,509
<b>Total current liabilities</b>		<u>1,510,071,331</u>	<u>1,098,398,819</u>
Trade and other payables	16,31	6,961,351	6,890,464
Long-term borrowings	5,17	199,633,494	227,977,838
Employee benefits	19	40,577,841	25,126,335
Provisions	18	11,851,809	17,714,403
Deferred tax liabilities		391,001,054	326,598,012
<b>Total non-current liabilities</b>		<u>650,025,549</u>	<u>604,307,052</u>
<b>Total liabilities</b>		<u>2,160,096,880</u>	<u>1,702,705,871</u>
<b>Equity</b>			
Capital stock	21	240,681,185	240,681,185
Capital surplus	21	1,256,723,483	1,255,831,094
Other capital	22	(166,665,268)	(169,964,808)
Accumulated other comprehensive income	23	1,388,319,878	1,333,566,877
Retained earnings	24	3,484,615,537	3,391,052,037
<b>Total equity attributable to stockholders of the Company</b>		<u>6,203,674,815</u>	<u>6,051,166,385</u>
<b>Non-controlling interest</b>		<u>166,002,892</u>	<u>179,695,124</u>
<b>Total stockholders' equity</b>		<u>6,369,677,707</u>	<u>6,230,861,509</u>
<b>Total liabilities and stockholders' equity</b>	₩	<u>8,529,774,587</u>	<u>7,933,567,380</u>

See accompanying notes to the consolidated interim financial statements.

Samsung SDI Co., Ltd. and Subsidiaries  
Condensed Consolidated Statements of Comprehensive Income

For the three- and six-month periods ended June 30, 2011 and 2010

(In thousands of won, except earnings per share)

	Note	2011		2010	
		Three-month	Six-month	Three-month	Six-month
<b>Revenue</b>	6,20,31 ₩	1,349,401,986	2,558,446,987	1,326,571,854	2,531,483,510
Cost of sales	19,20,26,31	(1,141,663,618)	(2,220,792,732)	(1,118,390,493)	(2,144,968,627)
<b>Gross profit</b>		207,738,368	337,654,255	208,181,361	386,514,883
Selling, general and administrative expenses	19,25,26	(152,192,315)	(273,513,136)	(159,988,398)	(303,276,044)
Other income	12,27	38,251,836	216,704,890	39,823,592	70,643,983
Other expenses	27	(4,569,427)	(131,270,204)	(4,368,889)	(5,578,538)
<b>Results from operating activities</b>	6	89,228,461	149,575,804	83,647,666	148,304,285
Finance income	28	44,210,439	82,596,217	118,213,647	168,469,827
Finance costs	28	(51,612,080)	(100,883,062)	(116,765,898)	(177,416,820)
Equity in net earnings of equity method investments		48,722,212	110,948,582	13,710,049	23,360,883
<b>Income before income taxes</b>		130,549,033	242,237,542	98,805,464	162,718,175
Income tax expense	29	35,727,468	63,951,055	20,583,952	28,489,681
<b>Net income</b>		94,821,565	178,286,487	78,221,512	134,228,494
<b>Other comprehensive income</b>					
Effective portion of changes in fair value of cash flow hedges		-	-	3,272,610	3,470,021
Net change in fair value of available-for-sale financial assets		156,736,009	100,677,176	154,920,138	232,246,135
Change in unrealized holding gain on equity method investments		(6,241,169)	(6,455,513)	5,300,953	2,352,035
Change in gain (loss) on translation of foreign operations		(17,579,770)	(29,988,903)	54,960,243	30,332,857
Tax effect		(32,886,664)	(20,548,922)	(45,562,635)	(61,000,949)
<b>Total comprehensive income</b>	₩	194,849,971	221,970,325	251,112,821	341,628,593
<b>Net income attributable to:</b>					
Controlling Company	32	86,512,997	165,225,659	68,422,306	115,118,891
Non-controlling interest	32	8,308,568	13,060,828	9,799,206	19,109,603
<b>Total comprehensive income attributable to:</b>					
Controlling Company		194,287,950	219,978,660	229,152,676	314,446,013
Non-controlling interest		562,021	1,991,665	21,960,145	27,182,580
<b>Earnings per share</b>	30				
Basic earnings per share	₩	1,998	3,818	1,588	2,676
Diluted earnings per share	₩	1,996	3,812	1,567	2,664

See accompanying notes to the consolidated interim financial statements.

Samsung SDI Co., Ltd. and Subsidiaries  
Consolidated Statements of Changes in Equity

For the six-month periods ended June 30, 2011 and 2010

<i>(In thousands of won)</i>		<u>Capital stock</u>	<u>Capital surplus</u>	<u>Other capital</u>	<u>Accumulated other comprehensive income</u>	<u>Retained earnings</u>	<u>Non- controlling interests</u>	<u>Total stockholders' equity</u>
<b>Balance at January 1, 2010</b>	₩	240,681,185	1,246,780,314	(191,394,572)	619,389,018	3,057,295,145	159,196,010	5,131,947,100
Comprehensive income								
Net income		-	-	-	-	115,118,891	19,109,603	133,228,494
Other comprehensive income:								
Change in fair value of available-for-sale financial assets		-	-	-	181,151,985	-	-	181,151,985
Change in unrealized holding gain on equity method investments		-	-	-	2,075,473	-	716,478	2,791,951
Effective portion of changes in fair value of cash flow hedges		-	-	-	2,706,616	-	-	2,706,616
Change in gain on translation of foreign operations		-	-	-	13,393,047	-	7,356,499	20,749,546
Total comprehensive income		-	-	-	199,327,121	115,118,891	27,182,580	341,628,592
Transactions with shareholders directly recognized in equity								
Dividends		-	-	-	-	(44,521,353)	(11,601,825)	(56,123,178)
Issuance of stock		-	-	-	-	-	62,121	62,121
Treasury stock		-	(766,151)	10,803,375	-	-	-	10,037,224
Exercise of share option		-	749,488	6,808,845	-	-	-	7,558,333
Others		-	9,781,951	-	-	-	-	9,781,951
<b>Balance at June 30, 2010</b>	₩	<u>240,681,185</u>	<u>1,256,545,602</u>	<u>(173,782,352)</u>	<u>818,716,139</u>	<u>3,127,892,683</u>	<u>174,838,886</u>	<u>5,444,892,143</u>

Samsung SDI Co., Ltd. and Subsidiaries  
Consolidated Statements of Changes in Equity, Continued

For the six-month periods ended June 30, 2011 and 2010

<i>(In thousands of won)</i>		<u>Capital stock</u>	<u>Capital surplus</u>	<u>Other capital</u>	<u>Accumulated other comprehensive income</u>	<u>Retained earnings</u>	<u>Non- controlling interests</u>	<u>Total stockholders' equity</u>
<b>Balance at January 1, 2011</b>	₩	240,681,185	1,255,831,094	(169,964,808)	1,333,566,877	3,391,052,037	179,695,124	6,230,861,509
Comprehensive income								
Net income		-	-	-		165,225,659	13,060,828	178,286,487
Other comprehensive income:								
Change in fair value of available-for-sale financial assets		-	-	-	78,528,197	-	-	78,528,197
Change in unrealized holding loss on equity method investments		-	-	-	(5,154,379)	-	(83,246)	(5,237,625)
Change in loss on translation of foreign operations		-	-	-	(18,620,817)	-	(10,985,917)	(29,606,734)
Total comprehensive income		-	-	-	54,753,001	165,225,659	1,991,665	221,970,325
Transactions with shareholders directly recognized in equity								
Dividends		-	-	-	-	(71,662,159)	(5,431,658)	(77,093,817)
Reduction of capital		-	-	-	-	-	(10,252,239)	(10,252,239)
Exercise of share option		-	892,389	3,299,540	-	-	-	4,191,929
<b>Balance at June 30, 2011</b>	₩	<u>240,681,185</u>	<u>1,256,723,483</u>	<u>(166,665,268)</u>	<u>1,388,319,878</u>	<u>3,484,615,537</u>	<u>166,002,892</u>	<u>6,369,677,707</u>

See accompanying notes to the consolidated interim financial statements.



Samsung SDI Co., Ltd. and Subsidiaries  
Consolidated Statements of Cash Flows

For the six-month periods ended June 30, 2011 and 2010

(In thousands of won)

	<u>2011</u>	<u>2010</u>
<b>Cash flows from operating activities</b>		
Net income for the period	₩ 178,286,487	134,228,494
Adjustments for:		
Accrual for retirement and severance benefits	15,743,135	12,179,894
Loss on valuation of inventories	(3,569,755)	(1,332,547)
Depreciation	191,941,698	179,491,221
Amortization	9,442,160	7,610,061
Bad debt expense	1,071,031	1,539,109
Reversal of allowance for bad debts	-	(48,334)
Other bad debt expense	95,362	-
Commission fee	2,609,865	-
Equity in net earnings of equity method investments	(110,948,583)	(23,360,883)
Loss on sale of equity method investments	838,244	-
Gain on sale of equity method investments	(123,836,711)	-
Gain on sale of available-for-sale securities	-	(264,118)
Gain on derivatives transactions	-	(7,420,000)
Foreign currency translations loss	12,990,308	21,469,006
Foreign currency translations gain	(11,007,147)	(21,757,296)
Loss on sale of property, plant and equipment	664,167	625,291
Gain on sale of property, plant and equipment	(22,123,950)	(35,213,794)
Loss on impairment of property, plant and equipment	16,842	-
Reversal of loss on impairment of property, plant and equipment	(8,142,547)	(1,511,356)
Loss on sale of intangible assets	4	-
Loss on sale of investments	15,482	-
Gain on sale of investments	(3,164,241)	(460,034)
Other losses	121,102,141	239,401
Other gains	(28,571,724)	(1,098,944)
Income tax expense	63,951,055	28,489,681
Interest expense	8,658,491	17,959,106
Interest income	(11,909,206)	(23,185,209)
Dividends income	(18,730,200)	(23,345,901)
Changes in assets and liabilities:		
Trade receivables	(205,329,895)	(236,818,554)
Other receivables	(42,774,267)	(17,827,037)
Other current assets	20,554,351	18,245,813
Inventories	(93,266,777)	(82,676,090)
Non-current other receivables	(406,833)	(202,000)
Trade payables	80,509,997	178,624,518
Other payables	(24,703,588)	27,068,375
Advances	(19,420,241)	(6,700,109)
Unearned income	(1,280,124)	3,428,386
Provisions	(5,786,299)	11,720,989
Non-current other payables	70,887	(373,013)
Non-current provisions	5,204,850	10,996,270
Payment of retirement and employee benefits	(3,785,735)	(10,681,357)
Deposits for employee benefits	1,072,289	4,946,256
Transfer in from related parties for employee benefits	2,421,817	-
Interest received	12,755,840	20,000,391
Interest paid	(7,776,689)	(12,564,165)
Dividends received	13,165,346	23,345,901
Income taxes paid	(9,549,843)	(11,707,831)
<b>Net cash provided by (used in) operating activities</b>	<u>₩ (12,902,506)</u>	<u>183,659,591</u>

Samsung SDI Co., Ltd. and Subsidiaries  
Consolidated Statements of Cash Flows, Continued

For the six-month periods ended June 30, 2011 and 2010

(In thousands of won)

	<b>2011</b>	<b>2010</b>
<b>Cash flows from investing activities</b>		
Sale of other investments	₩ 40,964,825	105,431,475
Sale of other non-current investments	8,685,325	4,391,970
Sale of equity method investments	27,208,898	-
Sale of intangible assets	160,557	14,769,877
Sale of property, plant and equipment	25,874,196	36,627,273
Sale of investment property	4,374,161	5,160,609
Acquisition of other investments	-	(5,192,588)
Acquisition of other non-current investments	(13,636,376)	(9,935,543)
Acquisition of equity method investments	(380,000,025)	-
Acquisition of other non-current assets	(12,543,759)	(30,440,964)
Acquisition of property, plant and equipment	(258,504,014)	(104,720,666)
Acquisition of intangible assets	(8,792,309)	(10,463,109)
<b>Net cash provided by (used in) investing activities</b>	<b>(566,208,521)</b>	<b>5,628,334</b>
<b>Cash flows from financing activities:</b>		
Proceeds from short-term borrowings	364,701,535	98,792,382
Exercise of share options	5,279,675	7,797,615
Disposal of treasury stock	-	10,591,047
Repayment of short-term borrowings	(88,795,328)	(336,109,859)
Dividends paid	(71,651,479)	(56,123,178)
Capital reduction by cash distribution of subsidiaries	(15,339,277)	-
<b>Net cash provided by (used in) financing activities</b>	<b>194,195,126</b>	<b>(275,051,993)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(384,915,901)</b>	<b>(85,764,068)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,066,315,966</b>	<b>1,433,740,720</b>
<b>Effect of exchange rate fluctuations on cash held</b>	<b>(21,954,290)</b>	<b>(25,153,730)</b>
<b>Cash and cash equivalents at June 30</b>	<b>₩ 659,445,775</b>	<b>1,322,822,922</b>

See accompanying notes to the consolidated interim financial statements.

# Samsung SDI Co., Ltd. and Subsidiaries

## Notes to the Consolidated Interim Financial Statements

June 30, 2011

### 1. Reporting entity

Samsung SDI Co., Ltd. (the “Company” or “Controlling Company”) was incorporated on January 20, 1970 under the laws of the Republic of Korea with paid-in capital of ₩ 200 million and is engaged in the manufacture and sale of plasma display panels and rechargeable batteries. In 1979, the Controlling Company was listed on the Korean Stock Exchange.

The Controlling Company’s head office is located in Kiheung, Gyeong-gi Do, and its factories are located in Ulsan and Cheon-An, Chungcheongnam-Do. In addition to these local business sites, the Controlling Company also has 13 subsidiaries operating in the United States, Malaysia, Vietnam, Germany, Mexico, Hong Kong, China, Brazil, Hungary, and Korea.

Under its Articles of Incorporation, the Controlling Company is authorized to issue 100,000 thousand shares of capital stock with a par value of ₩ 5,000 per share. As of June 30, 2011, 47,176,237 shares of capital stock (including 1,617,896 preferred shares) have been issued and are outstanding, and the Controlling Company’s paid-in-capital amounts to ₩ 240,681 million. The major shareholder of the Controlling Company is Samsung Electronics Co., Ltd. (19.68%). The Controlling Company is allowed to retire its stock through a board resolution within the amount that would be paid as dividends to shareholders. Pursuant to the resolution made by the board of directors on October 18, 2004, the Company retired 930,000 common shares and 30,000 preferred shares, which were acquired at ₩ 99,333 million on December 8, 2004 with appropriating retained earnings. Due to the share retirement, the par value of the outstanding shares in the amount of ₩ 235,881 million (₩ 227,792 million for common stock and ₩ 8,089 million for preferred stock, excluding the retired shares) is different from the paid-in capital.

Under its Articles of Incorporation, the Controlling Company is authorized to issue 30,000 thousand non-voting preferred shares. Holders of preferred shares issued before February 28, 1997 are entitled to receiving additional dividends of 1% of its par value per annum. As of June 30, 2011, 1,617,896 shares of non-cumulative and non-voting preferred stocks are eligible for these additional dividends.

### 2. Basis of preparation

#### (a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with Korean International Financial Reporting Standards (K-IFRS) No.1034 *Interim Financial Reporting* and do not include all of the information required for full annual financial statements.

#### (b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- financial instruments are measured at fair value
- liabilities for share-based payment arrangements are measured at fair value
- liabilities for defined benefit plans are recognized at the net of the total present value of defined benefit obligations less the fair value of plan assets and unrecognized past service costs

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

**2. Basis of preparation, continued**

**(c) Functional and presentation currency**

The financial statements of the Company and its subsidiaries are prepared in a currency of the primary economic environment on which the company operates. The consolidated financial statements are presented in Korean won, which is the Controlling Company's functional currency and presentation currency.

**(d) Use of estimates and judgments**

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

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 15 – Investment in real estate

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 8 - Trade and other receivables, net
- Note 18 - Provisions
- Note 19 - Employee benefits
- Note 20 - Commitments and contingencies

**3. Significant accounting policies**

Except for the accounting policies set out in accordance with K-IFRS No.1034 *Interim Financial Reporting*, the accounting policies applied by the Group in these consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended December 31, 2010.

Details of consolidated subsidiaries are as follows:

**3. Significant accounting policies, continued**

(In thousands of won)

Subsidiaries	Location	Primary business	Capital stock	Percentage of ownership (**)
--------------	----------	------------------	---------------	------------------------------

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

			as of June 30, 2011	June 30, 2011	December 31, 2010	January 1, 2010
Samsung SDI America, Inc. ("SDIA")	U.S.A.	Manufacturing and sale of PDP	28,626,950	91.70%	91.70%	91.70%
Samsung SDI Germany GmbH ("SDIG") (*)	Germany	Supporting sales in European region	22,400,891	100.00%	100.00%	100.00%
Samsung SDI Hungary Rt. ("SDIHU")	Hungary	Manufacturing and sale of PDP	4,860,887	100.00%	100.00%	100.00%
Samsung SDI (Malaysia) Sdn, Bhd. ("SDI(M)")	Malaysia	Manufacturing and sale of CPT	43,581,363	68.60%	68.60%	68.60%
Samsung SDI Vietnam Ltd. ("SDIV") (*)	Vietnam	Manufacturing and sale of rechargeable battery	5,761,000	100.00%	100.00%	-
Samsung SDI (Hong Kong) Ltd. ("SDIHK")	Hong Kong	Sale of rechargeable battery, PDP	261,864,048	95.90%	95.90%	95.90%
SVIC 15 Fund ("SVIC 15")	Korea	Investments in new technology venture business	23,757,576	99.00%	99.00%	-
<b>Subsidiary of SDIA</b>						
Samsung SDI Mexico, S.A. de C.V. ("SDIM")	Mexico	Manufacturing of PDP	8,157,806	91.70%	91.70%	91.70%
<b>Subsidiaries of SDIG</b>						
Samsung SDI Germany Real Estate GmbH ("SDIG(Real)") (*)	Germany	Real estate lease	37,565	100.00%	100.00%	100.00%
Samsung SDI Brazil Ltda. ("SDIB")	Brazil	Support South American operations	117,239,846	95.90%	95.90%	95.90%
<b>Subsidiaries of SDIHK</b>						
Shenzhen Samsung SDI Co., Ltd. ("SSDI") (*)	China	Manufacturing and sale of CRT, PDP	148,353,146	76.70%	76.70%	76.70%
Tianjin Samsung SDI Co., Ltd. ("TSDI") (*)	China	Manufacturing and sale of rechargeable battery	113,123,338	76.70%	76.70%	76.70%
Shanghai Samsung SVA Electronic Devices Co., Ltd. ("SSED") (*)	China	Manufacturing and sale of VFD, rechargeable battery	47,671,714	57.90%	57.90%	57.90%

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

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

#### 4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the same basis with that applied by the Group in its consolidated financial statements as at and for the year ended December 31, 2010.

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

**5. Financial risk management**

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

- Credit risk
- Liquidity risk
- Market risk

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

**(a) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Most customers have been making transactions with the Group for many years and losses have not been incurred frequently. The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Credit rating of customers is re-examined on a regular basis.

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

**(b) Liquidity risk**

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

**5. Financial risk management, continued**

**(b) Liquidity risk, continued**

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

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

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

Book values of financial liabilities based on the remaining maturities as of June 30, 2011 were as follows:

<i>(In thousands of won)</i>		<b>Less than one year</b>	<b>One to five years</b>	<b>Total</b>
Short-term borrowings	₩	364,701,535	-	364,701,535
Debentures		-	199,633,494	199,633,494
Long-term borrowings in foreign currency		70,079,090	-	70,079,090
	₩	<u>434,780,625</u>	<u>199,633,494</u>	<u>634,414,119</u>

**(c) Market risk**

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

**(i) Exchange risk**

The Group has exposure to the exchange risk for the sale, purchase, and borrowing of currencies expressed as other than functional currency. Main currencies used for these transactions are EUR, USD, and JPY.

**5. Financial risk management, continued**

**(c) Market risk, continued**

**(i) Exchange risk, continued**

Book values of monetary assets and liabilities not denominated in functional currency as of June 30, 2011 and December 31, 2010 are as follows:

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

<i>(In thousands of won)</i>		<b>2011</b>		
		<b>USD</b>	<b>EUR</b>	<b>JPY, etc</b>
Monetary assets:				
Cash and cash equivalents	₩	70,499,372	273,419	10
Trade and other receivables		501,144,588	2,031,120	8,853,544
Other assets		25,057	-	-
Other investments		223,764	4,916	-
		<u>571,892,781</u>	<u>2,309,455</u>	<u>8,853,554</u>
Monetary liabilities:				
Trade and other payables		118,249,612	214,718	23,538,804
Borrowings		283,402,514	15,652,701	521,389
	₩	<u>401,652,126</u>	<u>15,867,419</u>	<u>24,060,193</u>
<i>(In thousands of won)</i>		<b>2010</b>		
		<b>USD</b>	<b>EUR</b>	<b>JPY, etc</b>
Monetary assets:				
Cash and cash equivalents	₩	7,812,741	2	724,761
Trade and other receivables		794,623,225	61,303,330	3,796,599
Other assets		-	-	13,971
Other investments		240,096	4,768	-
		<u>802,676,062</u>	<u>61,308,100</u>	<u>4,535,331</u>
Monetary liabilities:				
Trade and other payables		404,760,215	719,805	23,429,112
Borrowings		85,417,500	12,071,269	1,560,824
	₩	<u>490,177,715</u>	<u>12,791,074</u>	<u>24,989,936</u>

Effects on income (loss) as a result of a hypothetical change in exchange rate as of June 30, 2011 and December 31, 2010 are as follows:

<i>(In thousands of won)</i>		<b>2011</b>		<b>2010</b>	
		<b>If increased by 5%</b>	<b>If decreased by 5%</b>	<b>If increased by 5%</b>	<b>If decreased by 5%</b>
<b>Currency</b>					
USD	₩	8,512,033	(8,512,033)	15,624,917	(15,624,917)
EUR		(677,898)	677,898	2,425,851	(2,425,851)
JPY, etc		(760,332)	760,332	(1,022,730)	1,022,730

**5. Financial risk management, continued**

**(c) Market risk, continued**

(ii) Interest rate risk

① The Group's interest-bearing financial liabilities as of June 30, 2011 and December 31, 2010 are as follows:

<i>(In thousands of won)</i>	<b>2011</b>	<b>2010</b>
------------------------------	-------------	-------------



Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

Fixed interest rate:			
Short-term borrowings	₩	521,389	1,560,824
Long-term borrowings		<u>199,633,494</u>	<u>199,505,338</u>
		<u>200,154,883</u>	<u>201,066,162</u>
Floating interest rate:			
Short-term borrowings		434,259,236	128,841,094
Long-term borrowings		<u>-</u>	<u>28,472,500</u>
	₩	<u>434,259,236</u>	₩ <u>157,313,594</u>

- ② Sensitivity analysis on fair value of financial liabilities on a fixed interest rate basis  
The Group's debenture and borrowings accounted for as financial instruments through profit or loss bear fixed interest rate. Therefore, fluctuation of the interest rate does not affect profit or loss.
- ③ Sensitivity analysis on fair value of financial liabilities on a floated interest rate basis  
If no other variables are supposed to be unchanged, effects on equity and income (loss) before income taxes for the next one year as a result of a hypothetical change in interest rate by 1 basis point as of June 30, 211 and December 31, 2010 are as follows:

(In thousands of won)

Item	2011			
	Equity		Income before income taxes	
	If increased by 1%	If decreased by 1%	If increased by 1%	If decreased by 1%
Floated- interest rate financial liabilities	₩ (4,342,592)	4,342,592	(4,342,592)	4,342,592

(In thousands of won)

Item	2010			
	Equity		Income before income taxes	
	If increased by 1%	If decreased by 1%	If increased by 1%	If decreased by 1%
Floated- interest rate financial liabilities	₩ (1,573,136)	1,573,136	(1,573,136)	1,573,136

## 5. Financial risk management, continued

### (c) Market risk, continued

#### (iii) Other market price risk

Market price risk arises from available-for-sale equity securities. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors.

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

Effects on other comprehensive income (gains/losses on valuation of available-for-sale financial assets) as a result of a hypothetical change in price of listed equity financial assets by 5% as of June 30, 2011 are as follows:

(In thousands of won)

Item	If increased by 5%	If decreased by 5%
Other comprehensive income, net of tax effect	₩ 75,553,322	(75,553,322)

**(d) Capital management**

The Group seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group uses financial ratios such as debt to capital ratio and net borrowings to equity ratio as capital management indicator in order to fulfill the optimal capital structure. Debt to equity ratio is calculated as total debt divided by the total equity. Net borrowing to equity ratio is calculated as net borrowings divided by the total equity.

The Group's debt to equity ratio and net borrowing ratio as of June 30, 2011 and December 31, 2010 are as follows:

(In thousands of won, except equity ratio)

	2011	2010
Debt to equity ratio:		
Total liability	₩ 2,160,096,880	1,702,705,871
Total equity	6,369,677,707	6,230,861,509
Debt to equity ratio	33.9%	27.3%
Net borrowings to equity ratio:		
Borrowings	₩ 634,414,119	385,379,756
Less : Cash and cash equivalents	659,445,775	1,066,315,966
Less : Short-term financial instruments	50,024,000	70,460,400
Net borrowings	(75,055,656)	(778,396,610)
Net borrowings to equity ratio	N/A(*)	N/A(*)

(\*) The ratio is not calculated as the net borrowings are below zero.

**5. Financial risk management, continued**

**(e) Fair value**

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

(In thousands of won)

Item	2011		2010	
	Book value	Fair value	Book value	Fair value
<b>Assets carried at fair value</b>				
Available-for-sale	₩ 2,346,217,043	2,346,217,043	2,245,539,866	2,245,539,866

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

financial assets					
<b>Assets carried at amortized cost</b>					
Guarantee deposits	₩	58,862,521	58,862,521	57,398,386	57,398,386
Held-to-maturity financial assets		274,305	274,305	345,350	345,350
Accounts receivables and other receivables		1,014,599,117	1,014,599,117	769,260,187	769,260,187
Long-term financial assets		17,798,001	17,798,001	13,154,652	13,154,652
Short-term financial assets		50,024,000	50,024,000	70,460,400	70,460,400
Cash and cash equivalents		659,445,775	659,445,775	1,066,315,966	1,066,315,966
	₩	<u>1,801,003,719</u>	<u>1,801,003,719</u>	<u>1,976,934,941</u>	<u>1,976,934,941</u>
Total financial assets	₩	<u>4,147,220,762</u>	<u>4,147,220,762</u>	<u>4,222,474,807</u>	<u>4,222,474,807</u>
<b>Liabilities carried at amortized cost</b>					
Loans payable	₩	634,414,119	638,003,044	358,379,756	364,601,608
Accounts payables and other payables		908,629,625	908,629,625	761,891,789	761,891,789
Total financial liabilities	₩	<u>1,543,043,744</u>	<u>1,546,632,669</u>	<u>1,120,271,545</u>	<u>1,126,493,397</u>

(ii) Fair value hierarchy

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

- 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 (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

5. Financial risk management, continued

(e) Fair value, continued

(ii) Fair value hierarchy, continued

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

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

The fair values of financial instruments based on the fair value hierarchy as of June 30, 2011 and December 31, 2010 are summarized as follows:

<i>(In thousands of won)</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
June 30, 2011:				
<b>Financial assets</b>				
Available-for-sale financial assets	₩ 1,937,264,662	-	397,691,493	2,334,956,155
December 31, 2010:				
<b>Financial assets</b>				
Available-for-sale financial assets	₩ 1,837,784,786	-	396,494,193	2,234,278,979

**6. Operating segments**

**(a) Reportable segments**

(i) The Group has the following two reportable segments.

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

**6. Operating segments, continued**

**(a) Reportable segments, continued**

(ii) Information about reportable segments for the external revenues, operating income, and total assets as of and for the six-month periods ended June 30, 2011 and 2010 are as follows:

	<u>Display</u>		<u>Energy and other</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
External revenues	₩ 1,251,915,683	1,407,435,278	1,306,531,304	1,124,048,232	2,558,446,987	2,531,483,510
Operating income (loss)	38,411,085	70,080,709	111,164,719	78,223,575	149,575,804	148,304,284
Net income attributable to	2,282,219	35,817,907	162,943,440	79,300,984	165,225,659	115,118,891

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

controlling interest						
Total assets (*)	1,805,964,277	1,722,838,873	6,723,810,310	6,210,728,507	8,529,774,587	7,933,567,380

(\*) Total assets represent carrying value of each reportable segment as of June 30, 2011 and December 31, 2010.

(b) Geographical information

The Group operates its business on main regions including Republic of Korea (location of the Controlling Company), North America, Europe, South America, Southeast Asia, and China. External revenue and main non-current assets for the six-month periods ended June 30, 2011 and 2010 based on the geographical location are as follows:

(In thousands of won)

	2011		2010	
	Revenue	Non-current assets(*)	Revenue	Non-current assets(*)
Republic of Korea	₩ 2,095,285,558	1,503,194,008	1,898,242,893	1,500,728,179
North America	328,354,357	34,993,703	345,282,299	38,104,547
Europe, South America	175,627,777	42,772,379	250,069,896	45,108,348
Southeast Asia	148,726,856	27,360,669	154,610,952	27,821,465
China	1,286,103,155	332,238,138	1,074,465,663	292,794,726
Consolidation adjustments	(1,475,650,716)	(38,286,801)	(1,191,188,193)	(40,001,113)
	₩ <u>2,558,446,987</u>	<u>1,902,272,096</u>	<u>2,531,483,510</u>	<u>1,864,556,152</u>

(\*) Non-current assets include property, plant and equipment, intangible assets and investment property and represent book value as of June 30, 2011 and December 31, 2010, respectively.

7. Cash and cash equivalents

Cash and cash equivalents as of June 30, 2011 and December 31, 2010 are as follows:

(In thousands of won)

	2011	2010
Cash on hand	₩ 1,008,679	667,337
Demand deposits	511,890,145	579,319,080
Short-term investments	146,546,951	486,329,549
	₩ <u>659,445,775</u>	<u>1,066,315,966</u>

8. Trade and other receivables, net

(a) Trade and other receivables as of June 30, 2011 and December 31, 2010 are as follows:

(In thousands of won)

	2011		2010	
	Current	Non-current	Current	Non-current

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

Loans	₩	2,085,057	3,001,408	2,080,726	3,310,954
Present value discount		-	(381,295)	-	(337,140)
Allowance		(6,176)	(5,210)	(11,575)	(7,292)
Other account receivable		60,678,483	-	30,066,176	-
Allowance		(303,421)	-	(200,926)	-
Accrued income		5,480,300	-	6,176,726	-
VAT receivables		51,242,546	-	31,163,458	-
Trade account receivable		896,150,864	2,853,709	699,336,969	2,865,592
Allowance		(5,572,269)	(624,879)	(4,558,602)	(624,879)
	₩	<u>1,009,755,384</u>	<u>4,843,733</u>	<u>764,052,952</u>	<u>5,207,235</u>

- (b) Changes in allowance for trade and other receivables for the periods ended June 30, 2011 and December 31, 2010 were summarized as follows:

(In thousands of won)

		2011		2010	
		Current	Non-current	Current	Non-current
Balance at beginning	₩	4,771,103	632,171	4,037,040	713,067
(Reversal of) Bad debt expense		1,110,763	(2,082)	734,063	(80,896)
Balance at ending	₩	<u>5,881,866</u>	<u>630,089</u>	<u>4,771,103</u>	<u>632,171</u>

## 9. Inventories

- (a) Inventories as of June 30, 2011 and December 31, 2010 are as follows:

		June 30, 2011		
		Acquisition cost	Allowance for valuation	Book value
Finished goods	₩	183,362,445	(4,552,118)	178,810,327
Semi-finished goods		125,332,950	(1,098,900)	124,234,050
Raw materials		209,547,528	(795,792)	208,751,736
Supplies		4,603,166	-	4,603,166
Materials-in-transit		57,844,533	-	57,844,533
	₩	<u>580,690,622</u>	<u>(6,446,810)</u>	<u>574,243,812</u>

  

		December 31, 2010		
		Acquisition cost	Allowance for valuation	Book value
Finished goods	₩	189,696,772	(6,364,261)	183,332,511

(In thousands of won)

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

Semi-finished goods	82,183,350	(2,694,743)	79,488,607
Raw materials	136,985,738	(957,561)	136,028,177
Supplies	3,987,065	-	3,987,065
Materials-in-transit	81,217,081	-	81,217,081
	<u>₩ 494,070,006</u>	<u>(10,016,565)</u>	<u>484,053,441</u>

(b) Changes in inventories which were included in cost of sales and reversal of loss on valuation of inventories which were included in cost of goods sold for the six-month periods ended June 30, 2011 and 2010 are as follows:

(In thousands of won)

		<u>2011</u>	<u>2010</u>
Inventories recognized as expense (cost of goods sold)	₩	2,220,792,732	2,144,968,627
Including : Reversal of loss on valuation of inventories		3,569,755	1,332,547

10. Other investments

(a) Other investments as of June 30, 2011 and December 31, 2010 are as follows:

(In thousands of won)

		<u>2011</u>		<u>2010</u>	
		<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
Held for maturity	₩	-	274,305	-	345,350
Available-for-sale financial assets		-	2,346,217,043	-	2,245,539,866
Financial instruments		50,024,000	17,798,001	70,460,400	13,154,652
Guarantee deposits		12,401,123	47,172,214	11,510,775	46,709,296
Present value discount		-	(710,815)	-	(821,684)
	₩	<u>62,425,123</u>	<u>2,410,750,748</u>	<u>81,971,175</u>	<u>2,304,927,480</u>

10. Other investments, continued

(b) Available-for-sale financial assets as of June 30, 2011 and December 31, 2010 are summarized as follows:

(In thousands of won)

		<u>Unrealized gain (loss)</u>				
		<u>Acquisition cost</u>	<u>Beginning balance</u>	<u>Changes in unrealized gain or loss</u>	<u>Ending balance</u>	<u>Book value</u>
<b>June 30, 2011</b>						
Listed equity securities	₩	391,790,657	1,445,994,129	99,479,877	1,545,474,006	1,937,264,663
Unlisted equity securities		77,145,420	330,609,660	1,197,300	331,806,960	408,952,380
Total	₩	<u>468,936,077</u>	<u>1,776,603,789</u>	<u>100,677,177</u>	<u>1,877,280,966</u>	<u>2,346,217,043</u>
Tax effect	₩		(390,852,834)	(22,148,979)	(413,001,813)	
<b>December 31, 2010</b>						
Listed equity securities	₩	391,790,657	820,658,878	625,335,251	1,445,994,129	1,837,784,786

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

Unlisted equity securities		77,145,420	-	330,609,660	330,609,660	407,755,080
Total	₩	<u>468,936,077</u>	<u>820,658,878</u>	<u>955,944,911</u>	<u>1,776,603,789</u>	<u>2,245,539,866</u>
Tax effect	₩		(180,544,954)	(210,307,880)	(390,852,834)	

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

1) The fair value of Samsung Everland Inc. is estimated using continuous probability distribution of value per share in accordance with estimated price per share calculated by the net value method, applying value of assets and the discounted cash flow method applying weighted average cost of capital based on the estimated cash flow. The acquisition cost and the carrying value of the listed security are ₩ 10,000 million and ₩ 214,215 million, respectively, as of June 30, 2011.

2) The fair value of Samsung Total Petrochemicals Co., Ltd. is measured based on estimated price per share using the net value method. The acquisition cost and the carrying value of the listed security are ₩ 50,985 million and ₩ 178,253 million, respectively, as of June 30, 2011.

3) The fair value of Samsung Venture Investment Corporation is estimated using probability distribution of value per share in accordance with estimated price per share calculated by the free cashflows to equity method. The acquisition cost and the carrying value of the listed security are ₩ 4,900 million and ₩ 5,223 million, respectively, as of June 30, 2011.

Other unlisted equity securities such as LOGIPA Co., Ltd., The Korea Economic Daily, Korea Housing Guarantee Co., Ltd., Polyplus Battery Company, Human Reshine New Material Co., Ltd., W-SCOPE Corporation, Panax E-Tec Co., Ltd., and EN Technologies Inc. are valued at acquisition costs net of impairment loss as they are nonmarketable and considered to have possibility of distortion of fair value due to low creditability of preliminary data for the fair value estimation. The acquisition cost and the carrying value of those securities are ₩ 11,261 million.

## 11. Other current assets and non-current assets

Other current assets and non-current assets as of June 30, 2011 and December 31, 2010 are summarized as follows:

<i>(In thousands of won)</i>		2011		2010	
		Current	Non-current	Current	Non-current
Advance payments	₩	1,445,099	-	1,828,812	-
Prepaid expenses		41,704,780	71,440,264	48,404,203	84,577,806
Prepaid corporate income tax		1,305,427	25,269,182	4,828,610	24,647,431
	₩	<u>44,455,306</u>	<u>96,709,446</u>	<u>55,061,625</u>	<u>109,225,237</u>

## 12. Investments in equity accounted investees

(a) Investments in equity accounted investees as of June 30, 2011 and December 31, 2010 are summarized as follows:

<i>(In thousands of won)</i>		2011		2010	
		Percentage of ownership	Book value	Percentage of ownership	Book value



Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

**Jointly controlled entity:**

SB Limotive Co., Ltd. ("SBL") (*)	50.0%	₩	<u>138,971,602</u>	50.0%	₩	<u>87,921,105</u>
--------------------------------------	-------	---	--------------------	-------	---	-------------------

**Associates:**

Samsung Mobile Display Co., Ltd. ("SMD") (**)	35.6%		1,493,763,167	50.0%		944,679,254
SSH Ltd. ("SSH")	40.0%		259,083	40.0%		267,450
Samsung B.P Chemicals Co., Ltd. ("SBPC")	29.2%		48,471,825	29.2%		48,493,839
E-samsung International Co., Ltd. ("ESI") (***)	11.3%		5,370,815	11.3%		5,186,456
Samsung Economic Research Institute Co., Ltd. ("SERI")	28.6%		26,005,264	28.6%		26,432,938
SVIC 4 Fund ("SVIC 4")	20.0%		8,375,619	20.0%		8,436,099
Samsung Corning (Malaysia) Sdn, Bhd. ("SCM") (****)	-		-	30.0%		<u>27,697,804</u>
Subtotal			<u>1,582,245,773</u>			<u>1,061,193,840</u>
Total		₩	<u>1,721,217,375</u>		₩	<u>1,149,114,945</u>

(\*) The Group classified SBL as a jointly controlled entity as joint control was established according to the contract with Robert Bosch Investment Netherland B.V. During the current period, ₩ 80,000 million was additionally contributed in accordance with increase in capital through offering to shareholders.

**12. Investments in equity accounted investees, continued**

(\*\*) During the current period, ₩ 300,000 million was additionally contributed to SMD upon new issuance through offering to shareholders and ₩ 123,551 million was recognized in profit and loss as gain on sale of equity method investee.

(\*\*\*) While the Group owns less than 20% of ESI's common shares, the Group accounts for the investment using the equity method of accounting as the Group has voting rights in the board of directors.

(\*\*\*\*) ₩ 553 million was recognized as loss on sale of equity method investments upon reduction in capital of SCM.

(b) Summarized financial information of investees

(i) Summarized financial information of SBL, jointly controlled entity, as of June 30, 2011 and December 31, 2010 are summarized as follows:

(In thousands of won)

		<u>2011</u>	<u>2010</u>
Current assets	₩	178,665,204	50,290,911
Non-current assets		240,613,974	240,523,922
Total assets		<u>419,279,178</u>	<u>290,814,833</u>
Current liabilities		57,668,527	80,472,706

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

Non-current liabilities		82,281,618	32,725,981
Total liabilities		<u>139,950,145</u>	<u>113,198,687</u>
Revenue		67,431,924	89,698,366
Expenses		124,760,062	159,553,269
Net loss	₩	<u>(57,328,138)</u>	<u>(69,854,903)</u>

(ii) Summarized financial information of associates as of June 30, 2011 and December 31, 2010 are summarized as follows:

(In thousands of won)

		<b>2011</b>				
<u>Company</u>		<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Net income (loss)</u>
SMD	₩	7,123,289,271	2,926,525,048	2,742,730,168	2,415,616,759	327,113,409
SSH		647,708	-	35,138	20,048	15,090
SBPC		334,098,484	160,677,557	187,733,782	164,333,934	23,399,848
ESI		50,746,059	3,005,484	2,146,699	553,564	1,593,135
SERI		108,881,795	17,954,299	61,959,227	63,564,509	(1,605,282)
SVIC 4		42,136,048	257,951	4,136,789	1,456,306	2,680,483
	₩	<u>7,659,799,365</u>	<u>3,108,420,339</u>	<u>2,998,741,803</u>	<u>2,645,545,120</u>	<u>353,196,683</u>

## 12. Investments in equity accounted investees, continued

(b) Summarized financial information of investees, continued

(In thousands of won)

		<b>2010</b>				
<u>Company</u>		<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Net income (loss)</u>
SMD	₩	4,289,386,307	2,400,209,184	4,628,686,616	4,278,153,008	350,533,608
SSH		674,626	6,000	11,410	7,404	4,006
SBPC		297,454,719	131,422,572	323,370,095	295,444,586	27,925,509
ESI		49,042,027	2,940,195	5,644,763	1,398,403	4,246,360
SERI		131,304,048	38,881,189	148,310,058	148,120,704	189,354
SVIC 4		42,706,058	525,564	36,030,855	34,418,419	1,612,436
SCM		102,556,055	10,230,041	106,397,917	97,350,695	9,047,222
	₩	<u>4,913,123,840</u>	<u>2,584,214,745</u>	<u>5,248,451,714</u>	<u>4,854,893,219</u>	<u>393,558,495</u>

## 13. Property, plant and equipment

(a) Property, plant and equipment as of June 30, 2011, December 31, 2011 and 2010 are summarized as follows:

		<b>December 31,</b>		
		<u>June 30, 2011</u>	<u>2010</u>	<u>January 1, 2010</u>
Property, plant and equipment at cost	₩	5,268,651,076	5,321,462,019	5,268,076,589
Accumulated depreciation		(3,282,797,520)	(3,352,183,850)	(3,252,148,909)
Accumulated impairment		(225,472,744)	(242,239,371)	(293,602,533)

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

Property, plant and equipment, net                      ₩      1,760,380,812                      1,727,038,798                      1,722,325,147

(b) Changes in property, plant and equipment for the six-month periods ended June 30, 2011 and the year ended December 31, 2010 were as follows:

(i) Acquisition cost

(In thousands of won)

	2011					
	January 1, 2011	Acquisition	Disposal	Other (*)	Exchange rate fluctuation	June 30, 2011
Land	₩ 121,971,759	107,856	(215,348)	-	(523,953)	121,340,314
Buildings	1,328,556,470	1,724,127	(21,311,591)	47,574,589	(5,697,947)	1,350,845,648
Structures	437,145,914	10,291	(1,281,830)	31,995,764	(4,743,346)	463,126,793
Machineries	2,890,157,979	3,940,715	(213,257,614)	264,360,415	(33,140,545)	2,912,060,950
Vehicles	12,839,012	133,997	(359,466)	1,355,791	(142,149)	13,827,185
Tools, furniture and fixtures	270,583,716	6,608,410	(3,895,649)	21,304,030	(1,677,625)	292,922,882
Construction -in-progress	237,908,245	244,651,849	-	(376,300,618)	(1,735,364)	104,524,112
Machinery -in-transit	22,298,924	1,326,769	-	(13,298,843)	(323,658)	10,003,192
	₩ <u>5,321,462,019</u>	<u>258,504,014</u>	<u>(240,321,498)</u>	<u>(23,008,872)</u>	<u>(47,984,587)</u>	<u>5,268,651,076</u>

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

13. Property, plant and equipment, continued

(In thousands of won)

		2010					
		January 1, 2010	Acquisition	Disposal	Other (*)	Exchange rate fluctuation	December 31, 2010
Land	₩	126,347,224	-	(6,412,122)	(2,627,708)	4,664,365	121,971,759
Buildings		1,355,353,512	7,845,727	(20,440,015)	8,835,612	(23,038,366)	1,328,556,470
Structures		450,332,584	188,507	(982,782)	5,988,260	(18,380,655)	437,145,914
Machineries		3,018,143,141	5,300,680	(232,520,679)	84,977,779	14,257,058	2,890,157,979
Vehicles		19,659,687	275,709	(7,430,944)	263,597	70,963	12,839,012
Tools, furniture and fixtures		258,666,213	12,590,146	(22,592,686)	22,389,279	(469,236)	270,583,716
Construction -in-progress		34,794,881	363,900,241	-	(146,064,001)	(14,722,876)	237,908,245
Machinery -in-transit		4,779,347	8,541,135	-	8,811,014	167,428	22,298,924
	₩	<u>5,268,076,589</u>	<u>398,642,145</u>	<u>(290,379,228)</u>	<u>(17,426,168)</u>	<u>(37,451,319)</u>	<u>5,321,462,019</u>

(ii) Accumulated depreciation

(In thousands of won)

		2011				
		January 1, 2011	Disposal	Depreciation	Exchange rate fluctuation	June 30, 2011
Buildings	₩	567,195,576	(16,037,639)	31,912,811	(1,738,467)	581,332,281
Structures		237,805,649	(841,495)	9,959,510	(2,665,081)	244,258,583
Machineries		2,306,801,659	(208,004,386)	129,364,297	(25,281,354)	2,202,880,216
Vehicles		10,079,384	(325,118)	862,717	(85,141)	10,531,842
Tools, furniture and fixtures		230,301,582	(3,801,549)	18,569,935	(1,275,370)	243,794,598
	₩	<u>3,352,183,850</u>	<u>(229,010,187)</u>	<u>190,669,270</u>	<u>(31,045,413)</u>	<u>3,282,797,520</u>

(In thousands of won)

		2010					
		January 1, 2010	Disposal	Depreciation	Other (*)	Exchange rate fluctuation	December 31, 2010
Buildings	₩	521,328,421	(7,241,867)	63,754,925	-	(10,645,903)	567,195,576
Structures		234,846,313	(673,418)	19,273,993	-	(15,641,239)	237,805,649
Machineries		2,260,239,410	(202,688,738)	238,402,519	-	10,848,468	2,306,801,659
Vehicles		12,452,757	(4,253,366)	1,881,181	-	(1,188)	10,079,384
Tools, furniture and fixtures		223,282,008	(22,052,341)	32,764,666	(2,514,847)	(1,177,904)	230,301,582
	₩	<u>3,252,148,909</u>	<u>(236,909,730)</u>	<u>356,077,284</u>	<u>(2,514,847)</u>	<u>(16,617,766)</u>	<u>3,352,183,850</u>

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

13. Property, plant and equipment, continued

(iii) Accumulated impairment

(In thousands of won)

		2011				
		January 1, 2011	Impairment (reversal)	Disposal	Exchange rate fluctuation	June 30, 2011
Buildings	₩	109,895,903	(8,142,547)	(2,024,556)	(794,912)	98,933,888
Structures		36,307,110	-	(108,215)	440,240	36,639,135
Machineries		93,405,327	9,245	(4,693,616)	(1,304,083)	87,416,873
Vehicles		284,771	-	(19,212)	(9,007)	256,552
Tools, furniture and fixtures		2,346,260	7,597	(51,299)	(76,263)	2,226,295
	₩	<u>242,239,371</u>	<u>(8,125,705)</u>	<u>(6,896,898)</u>	<u>(1,744,025)</u>	<u>225,472,743</u>

(In thousands of won)

		2010				
		January 1, 2010	Impairment (reversal)	Disposal	Exchange rate fluctuation	December 31, 2010
Land	₩	-	-	(736,148)	736,148	-
Buildings		139,132,872	(1,511,356)	(11,838,374)	(15,887,239)	109,895,903
Structures		40,206,736	983,086	(33,493)	(4,849,219)	36,307,110
Machineries		110,172,878	3,491,994	(17,404,393)	(2,855,152)	93,405,327
Vehicles		670,649	-	(354,237)	(31,641)	284,771
Tools, furniture and fixtures		3,419,398	114,285	(149,972)	(1,037,451)	2,346,260
	₩	<u>293,602,533</u>	<u>3,078,009</u>	<u>(30,516,617)</u>	<u>(23,924,554)</u>	<u>242,239,371</u>

(\*) Other increase or decrease includes replacement of construction-in-progress and machinery-in-transit to property, plant and equipment and the amount includes ₩ 23,009 million which was directly expensed from construction-in-progress during the period ended June 30, 2011.

(iv) Reversal of impairment losses

The Group recognized ₩ 17 million of impairment losses during the six-month period ended June 30, 2011 and ₩ 8,143 million of the loss was reversed due to the reuse of a building, of which impairment loss was recognized as a result of discontinue of usage prior to the year ended December 31, 2010.

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

14. Intangible assets

(a) Intangible assets as of June 30, 2011, December 31, 2010 and January 1, 2010 are summarized as follows:

(In thousands of won)

		<b>June 30, 2011</b>	<b>December 31, 2010</b>	<b>January 1, 2010</b>
Intangible assets at cost	₩	210,361,613	195,992,634	174,953,342
Accumulated amortization		(124,600,090)	(117,102,871)	(105,324,077)
Intangible assets, net	₩	<u>85,761,523</u>	<u>78,889,763</u>	<u>69,629,265</u>

(b) Changes in intangible assets for the six-month period ended June 30, 2011 and the year ended December 31, 2010 were as follows:

(i) Acquisition cost

(In thousands of won)

	<b>2011</b>				
	<b>January 1, 2011</b>	<b>Acquisition</b>	<b>Other(*)</b>	<b>Exchange rate fluctuation</b>	<b>June 30, 2011</b>
Exclusive facility usage rights	₩ 94,562,365	-	7,065,970	(1,325,747)	100,302,588
Others	101,430,269	8,792,309	-	(163,553)	110,059,025
	₩ <u>195,992,634</u>	<u>8,792,309</u>	<u>7,065,970</u>	<u>(1,489,300)</u>	<u>210,361,613</u>

(In thousands of won)

	<b>2010</b>					
	<b>January 1, 2010</b>	<b>Acquisition</b>	<b>Disposal</b>	<b>Other(*)</b>	<b>Exchange rate fluctuation</b>	<b>December 31, 2010</b>
Exclusive facility usage rights	₩ 91,695,239	-	(12,916,307)	15,533,947	249,486	94,562,365
Others	83,258,103	1,059,277	(156,704)	14,798,392	2,471,201	101,430,269
	₩ <u>174,953,342</u>	<u>1,059,277</u>	<u>(13,073,011)</u>	<u>30,332,339</u>	<u>2,270,687</u>	<u>195,992,634</u>

(\*) Others represent changes due to reclassification of long-term prepaid expense to patents.

(ii) Accumulated amortization

(In thousands of won)

	<b>2011</b>			
	<b>January 1, 2011</b>	<b>Amortization</b>	<b>Exchange rate fluctuation</b>	<b>June 30, 2011</b>
Exclusive facility usage rights	₩ 55,813,987	3,072,701	(1,851,258)	57,035,430
Others	61,288,884	6,369,459	(93,683)	67,564,660
	₩ <u>117,102,871</u>	<u>9,442,160</u>	<u>(1,944,941)</u>	<u>124,600,090</u>

14. Intangible assets, continued

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

(ii) Accumulated amortization, continued

(In thousands of won)

	2010				December 31, 2010
	January 1, 2010	Amortization	Disposal	Exchange rate fluctuation	
Exclusive facility usage rights	₩ 59,606,710	4,464,105	(8,575,757)	318,929	55,813,987
Others	45,717,367	12,448,254	(103,389)	3,226,652	61,288,884
	₩ <u>105,324,077</u>	<u>16,912,359</u>	<u>(8,679,146)</u>	<u>3,545,581</u>	<u>117,102,871</u>

(iii) Amortization

Amortization expense is classified as manufacturing cost and general, selling and administrative expenses. Amortization expense classified as manufacturing cost is recognized in cost of goods sold as inventory is sold.

(iv) Research and development expense

Research and development expense recognized as general, selling and administrative expense in the statement of comprehensive income for the six-month periods ended June 30, 2011 and 2010 are ₩ 96,125 million and ₩ 99,490 million, respectively.

## 15. Investment in real estate

Changes in investment in real estate for the six-month periods ended June 30, 2011 and for the year ended December 31, 2010 were as follows:

(In thousands of won)

		Land	Buildings	Total
<b>Acquisition cost:</b>				
Balance at January 1, 2011	₩	42,778,494	15,849,097	58,627,591
Disposal		(1,225,403)	-	(1,225,403)
Depreciation		-	(1,272,428)	(1,272,428)
Balance at June 30, 2011	₩	<u>41,553,091</u>	<u>14,576,669</u>	<u>56,129,760</u>

(In thousands of won)

		Land	Buildings	Total
<b>Acquisition cost:</b>				
Balance at January 1, 2010	₩	44,700,194	18,351,300	63,051,494
Reclassification		2,627,709	-	2,627,709
Disposal		(4,549,409)	-	(4,549,409)
Depreciation		-	(2,502,203)	(2,502,203)
Balance at December 31, 2010	₩	<u>42,778,494</u>	<u>15,849,097</u>	<u>58,627,591</u>

## 15. Investment in real estate, continued

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

Investment property consist of land and buildings in Giheung and Cheonan and land in Ulsan which were rented to SMD, the Group's associate, and SBL, the Group's jointly controlled entity.

16. Trade and other payables

Trade and other payables at June 30, 2011 and December 31, 2010 are as follows:

		2011		2010	
		Current	Non-current	Current	Non-current
Trade payables	₩	453,927,183	-	385,080,489	-
Accounts payable		132,054,610	-	169,533,944	-
Accrued expenses		269,904,773	-	164,943,060	-
Dividends payable		5,586,824	-	21,970	-
Withholdings		28,435,668	5,700,744	20,906,567	6,890,464
Guarantee deposits received		5,509,332	1,260,607	6,397,262	-
Value added tax withheld		6,249,884	-	8,118,033	-
	₩	<u>901,668,274</u>	<u>6,961,351</u>	<u>755,001,325</u>	<u>6,890,464</u>

17. Borrowings

(a) Borrowings at June 30, 2011 and December 31, 2010 are as follows:

		2011	2010
<i>(In thousands of won)</i>			
<b>Short-term borrowings</b>			
Current portion of long-term borrowings in Korean won	₩	-	25,000,000
Current portion of long-term borrowings in foreign currency long-term debts		70,079,090	73,641,824
Short-term borrowings in foreign currency		135,204,021	-
Disposals of accounts receivable		<u>229,497,514</u>	<u>31,760,094</u>
	₩	<u>434,780,625</u>	<u>130,401,918</u>
<b>Long-term borrowings</b>			
Debentures	₩	199,633,494	199,505,338
Long-term borrowings in foreign currency		-	28,472,500
	₩	<u>199,633,494</u>	<u>227,977,838</u>

17. Borrowings, continued

(b) Debentures at June 30, 2011 and December 31, 2010 are as follows:



Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

(In thousands of won)

<u>Borrower</u>	<u>Type</u>	<u>Date of maturity</u>	<u>Annual interest rate</u>		<u>June 30, 2011</u>	<u>December 31, 2010</u>
Controlling Company	Corporate bonds	2012.09.16	5.47%	₩	200,000,000	200,000,000
Less discount on debentures					(366,506)	(494,662)
					₩ <u>199,633,494</u>	<u>199,505,338</u>

(c) Long-term borrowings in Korean won at June 30, 2011 and December 31, 2010 are as follows:

(In thousands of won)

<u>Borrower</u>	<u>Financial institution</u>	<u>Annual interest rate</u>		<u>June 30, 2011</u>	<u>December 31, 2010</u>	
Controlling Company	Kookmin Bank	1 YR financial bond+0.33%	₩	-	25,000,000	
Less current portion of long-term borrowings					-	(25,000,000)
					₩ <u>-</u>	<u>-</u>

(d) Long-term borrowings in foreign currency at June 30, 2011 and December 31, 2010 are as follows:

(In thousands of won)

<u>Borrower</u>	<u>Financial institution</u>	<u>Annual interest rate</u>		<u>June 30, 2011</u>	<u>December 31, 2010</u>	
Controlling Company	Korea Development Bank	LIBOR 3M+0.45%	₩	53,905,000	85,417,500	
SDIHU	UniCredit Bank	EurLIBOR 3M+1.20%		15,562,701	15,136,000	
SDIB	BASA	11.90%		521,389	1,560,824	
					70,079,090	102,114,324
Less current portion of long-term borrowings					(70,079,090)	(73,641,824)
					₩ <u>-</u>	<u>28,472,500</u>

## 18. Provisions

Changes in provisions for the six-month period ended June 30, 2011 and for the year ended December 31, 2010 were as follows:

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

		Current			Non-current	Total
		Royalty expenses	Quality assurance	Incentives	Incentives	
<i>(In thousands of won)</i>						
Balance at Jan. 1, 2011	₩	86,703,623	56,612,482	17,714,403	17,714,403	178,744,911
Provisions made		10,619,233	39,051,661	6,646,960	5,204,850	61,522,704
Provisions used		(18,575,803)	(44,806,905)	(17,714,403)	(11,067,444)	(92,164,555)
Balance at Jun. 30, 2011	₩	<u>78,747,053</u>	<u>50,857,238</u>	<u>6,646,960</u>	<u>11,851,809</u>	<u>148,103,060</u>
Balance at Jan. 1, 2010	₩	60,982,946	52,697,338	-	16,584,267	130,264,551
Provisions made		103,663,817	17,927,970	17,714,403	18,844,539	158,150,729
Provisions used		(77,943,140)	(14,012,826)	-	(17,714,403)	(109,670,369)
Balance at Dec. 31, 2010	₩	<u>86,703,623</u>	<u>56,612,482</u>	<u>17,714,403</u>	<u>17,714,403</u>	<u>178,744,911</u>

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

Provision on quality assurance is the estimated costs of future repairs and recalls on goods sold based on past experience.

Provision on incentives is the estimated costs for the Group's executives based on three-year management performance criteria according to long-term incentive plans.

**19. Employee benefits**

- (a) Recognized liabilities for defined benefit obligations as of June 30, 2011 and December 31, 2010 are as follows:

		2011	2010
<i>(In thousands of won)</i>			
Present value of defined obligations	₩	<u>116,730,878</u>	<u>100,556,125</u>
Fair value of plan assets		<u>(76,153,037)</u>	<u>(75,429,790)</u>
	₩	<u><u>40,577,841</u></u>	<u><u>25,126,335</u></u>

- (b) Other liabilities for employee benefits as of June 30, 2011 and December 31, 2010 are as follows:

		2011	2010
<i>(In thousands of won)</i>			
Liabilities for paid absence	₩	<u>20,743,815</u>	<u>21,748,538</u>
Long-term incentive provisions		<u>18,498,769</u>	<u>35,428,806</u>
	₩	<u><u>39,242,584</u></u>	<u><u>57,177,344</u></u>

**19. Employee benefits, continued**

- (c) Fair value of plan assets at June 30, 2011 and December 31, 2010 are as follows:

		2011	2010
<i>(In thousands of won)</i>			

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

Severance insurance bonds	₩	75,820,766	75,097,708
National pension fund		<u>332,271</u>	<u>332,082</u>
	₩	<u><u>76,153,037</u></u>	<u><u>75,429,790</u></u>

- (d) Changes in present value of defined obligations for the six-month periods ended June 30, 2011 and for the year ended December 31, 2010 were as follows:

<i>(In thousands of won)</i>		<u>2011</u>	<u>2010</u>
Balance at beginning	₩	100,566,125	111,091,033
Adjustments of national pension fund		189	(97,899)
Benefits paid by the plan		(3,567,272)	(63,061,973)
Current service costs and interest		17,320,019	28,282,734
Transfer in from related parties		2,421,817	-
Actuarial losses in other comprehensive income		<u>-</u>	<u>24,342,230</u>
Balance at ending	₩	<u><u>116,730,878</u></u>	<u><u>100,556,125</u></u>

- (e) Changes in fair value of plan assets for the six-month period ended June 30, 2011 and for the year ended December 31, 2010 were as follows:

<i>(In thousands of won)</i>		<u>2011</u>	<u>2010</u>
Balance at beginning	₩	75,429,790	79,420,910
Contributions paid into the plan		-	9,677,786
Benefits paid by the plan		(1,715,195)	(16,365,021)
Expected return on plan assets		1,795,348	3,900,486
Actuarial gains in other comprehensive income		-	(1,106,472)
Changes in national pension fund		189	(97,899)
Transfer in from related parties		<u>642,905</u>	<u>-</u>
Balance at ending	₩	<u><u>76,153,037</u></u>	<u><u>75,429,790</u></u>

19. Employee benefits, continued

- (f) Expenses recognized in profit and loss for the three- and six-month period ended June 30, 2011 and 2010 are as follows:

<u>2011</u>	<u>2010</u>
-------------	-------------

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

(In thousands of won)

		<u>Three-month</u>	<u>Accumulated</u>	<u>Three-month</u>	<u>Accumulated</u>
Current service cost	₩	7,253,215	14,506,430	7,070,683	14,141,366
Expected return on plan assets		(897,674)	(1,795,347)	(980,736)	(1,961,472)
Interest cost		1,406,795	2,813,589	-	-
	₩	<u>7,762,336</u>	<u>15,524,672</u>	<u>6,089,947</u>	<u>12,179,894</u>

- (g) Expenses recognized in profit and loss in the consolidated statements of comprehensive income for the three- and six-month periods ended June 30, 2011 and 2010 are as follows:

		<u>2011</u>		<u>2010</u>	
(In thousands of won)		<u>Three-month</u>	<u>Accumulated</u>	<u>Three-month</u>	<u>Accumulated</u>
Cost of sales	₩	5,202,209	9,886,925	3,886,718	7,965,927
Selling, general and administrative expenses		2,560,127	5,37,747	2,203,229	4,213,967
	₩	<u>7,762,336</u>	<u>15,524,672</u>	<u>6,089,947</u>	<u>12,179,894</u>

- (h) In order to calculate present value of defined benefit obligations, the Group determined discount rate based on market return of blue chip bonds (AA- level), which are consistent with currency of defined benefit obligations and expected payment term as of end of the reporting period. Major actuarial assumptions as of March 31, 2011 and December 31, 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Expected rate of salary increase	7.35%	7.35%
Discount rate for defined benefit obligations	6.50%	6.50%
Long-term rate of return on assets	5.00%	5.00%

## 20. Commitments and contingencies

- (a) Details of guarantees which the Controlling Company had provided for related companies as of June 30, 2011 are as follows:

(In thousands of USD and EUR)

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

Guarantee recipient	Principal debtor	Currency	Guaranteed amount
TSDI	Standard Chartered Bank	USD	30,000
SDIHK	Bank of America	USD	14,000
	Shinhan Bank	USD	13,000
SDIA	Bank of America	USD	20,000
	Washington International Insurance Company	USD	500
SSDI	Citi Bank	USD	30,000
SDIHU	K&H Bank	EUR	10,000
		USD	107,500
		EUR	10,000

- (b) As of June 30, 2011, the Group has a joint obligation for SMD's debenture in the amount of ₩ 50,000 million and other borrowings in the amount of ₩ 250,000 million.
- (c) As of June 30, 2011, the Group has been provided a guarantee of ₩ 1,215 million by Seoul Guarantee Insurance Co., Ltd. in relation to a court deposit and licensing procedures.
- (d) In December 2005, Samsung Motor Inc's Creditors ("the Creditors") filed a civil action lawsuit against Mr. Kun Hee Lee, chairman of Samsung Electronics Co., Ltd. and 28 Samsung Group affiliates including the Company, which seeks ₩ 2,450,000 million and damages for breach of contract and etc. based on the agreement entered in September 1999. During the six-month period ended June 30, 2011, shares of Samsung Life Insurance Co., Ltd. ("SLI") owned by the creditors were disposed of and ₩ 878,000 million was deposited into an escrow account and majority of the claims for this case were settled. The deposited amount of ₩ 878,000 million was the summation of surplus over ₩ 70,000 per disposed share. On January 11, 2011, the Seoul High Court sentenced Samsung Group affiliates to pay ₩ 600,000 million and late payment penalty. In accordance with the Seoul High Court order, ₩ 620,400 million (which includes penalties and interest owed) was paid to the Creditors from the funds held in escrow. Samsung Group affiliates including the Company and the Creditors all have appealed to the Korean Supreme Court. The Company is unable to reasonably predict effects on the consolidated financial statements as the ultimate outcome of this case and the amount burden to the Company are uncertain.
- (e) In addition to the litigation described in (d) above, as of June 30, 2011, the Group is a defendant in eight cases and a plaintiff in eight cases in domestic and foreign jurisdictions arising from the ordinary course of business. However, the detailed information has not been disclosed in the notes to the consolidated financial statements as such disclosures may be prejudicial to the outcome of these cases. While the outcome of these cases is uncertain, the Group does not expect to incur a material loss from these cases.

## 20. Commitments and contingencies, continued

The Group has been notified to pay penalty on price-fixing of cathode-ray tubes from the Korea Fair Trade Commission in March 2011. In addition, the Group has reached an agreement in principle with the United States Department of Justice in relation to suspicion on the price-fixing in March 2011 and the final deliberation from the United States Federal Court will be made during 2011. The Group has recognized ₩ 47,756 million of loss in relation to the above investigations.

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

In addition to the above investigation, the Group is under investigation for the collusion from the responsible parties in various countries including European Union. The Group has recognized estimated losses on this investigation for the six-month periods ended June 30, 2011. The actual loss that the Group will finally bear might be different from the estimation and the difference might be significant. The detailed information has not been disclosed in the notes to the consolidated financial statements as such disclosures may be prejudicial to the outcome of the investigation.

- (f) As of June 30, 2011, the Group has entered into agreements with eight banks in relation to bank overdrafts for up to maximum of ₩ 26,100 million, USD 104,000 thousand, EUR 50,000 thousand and CNY 300,000 thousand.
- (g) As of June 30, 2011, the Group has entered into agreements with Korea Exchange Bank and two other banks in relation to trade finance for up to a maximum of ₩ 113,694 million and agreements with Woori Bank and three other banks in relation to import credits for up to a maximum of USD 111,700 thousand.
- (h) As of June 30, 2011, the Group has entered into agreements with Woori Bank and three other banks to discount trade notes receivable for up to a maximum of ₩ 15,000 million and CNY 560,000 thousand, and with Woori Bank and seven other banks to discount export trade accounts receivable for up to a maximum of USD 513,002 thousand. The Group also has entered into agreements with Woori Bank and three other banks in relation to accounts receivable loan for up to a maximum of ₩ 94,000 million.
- (i) In accordance with technical license agreements, the Group recorded royalty expenses of ₩ 24,585 million and ₩ 24,851 million for the six-month periods ended June 30, 2011 and 2010, respectively.
- (j) In accordance with technology usage agreements, the Group recorded royalty income of ₩ 1,139 million and ₩ 1,344 million for the six-month periods ended June 30, 2011 and 2010, respectively.
- (k) As of June 30, 2011, the Group provides a guarantee up to a maximum of ₩ 15,503 million relating to the borrowings for rental housing to its employees.

## 21. Capital Stock and Capital Surplus

### (a) Capital Stock

Common shares and preferred shares issued and outstanding as of June 30, 2011 and December 31, 2010 are summarized as follows:

<i>(In shares)</i>	2011		
	Issued shares	Treasury shares	Outstanding shares
<b>Common shares</b>			

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

January 1	45,558,341	2,326,159	42,936,382
Exercise of share option	-	(70,910)	70,910
June 30	<u>45,558,341</u>	<u>(2,255,249)</u>	<u>43,303,092</u>
<b>Preferred shares</b>	<u>1,617,896</u>	<u>108,400</u>	<u>1,509,496</u>

(In shares)

Classification	2010		
	Issued shares	Treasury shares	Outstanding shares
<b>Common shares</b>			
January 1	45,558,341	2,621,959	42,936,382
Exercise of share option	-	(223,050)	223,050
Disposal of treasury stock	-	(72,750)	72,750
June 30	<u>45,558,341</u>	<u>2,326,159</u>	<u>43,232,182</u>
<b>Preferred shares</b>	<u>1,617,896</u>	<u>108,400</u>	<u>1,509,496</u>

(b) Capital surplus as of June 30, 2011 and December 31, 2010 are summarized as follows:

(In thousands of won)

	2011	2010
Capital in excess of par value	₩ 1,195,810,753	1,195,810,753
Other capital surpluses	60,912,730	60,020,341
	<u>₩ 1,256,723,483</u>	<u>1,255,831,094</u>

(c) Dividends declared during the current period are as follows and there were no income tax expenses relating to these dividends.

(In thousands of won)

	2011
₩ 1,600 per common share	₩ 69,171,491
₩ 1,650 per preferred share	2,490,669
	<u>₩ 71,662,160</u>

## 22. Other capital

(a) Other capital as of June 30, 2011 and December 31, 2010 are as follows:

(In thousands of won)

	2011	2010
Treasury shares	₩ (172,651,891)	(177,931,565)
Share options	5,986,623	7,966,757
	<u>₩ (166,665,268)</u>	<u>(169,964,808)</u>

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

- (b) As of June 30, 2011, the Group has common stock of 2,255,249 shares and preferred stock of 108,400 shares acquired for market value as treasury shares (other capital) and the Group is planning to dispose of these shares depending on market conditions.
- (c) Share-based payments
- (i) The terms and conditions of grants as of June 30, 2011 are summarized as follows:

(In won, except number of options)

	<u>Third</u>	<u>Fourth</u>	<u>Sixth</u>
Date of grant	2002. 2.28	2003. 3.12	2004. 4.23
Number of shares granted	279,500	94,000	90,000
Remaining shares	54,980	12,010	80,359
Exercise Price	60,400	67,700	166,900
Payment method		Stock payment method	
Exercisable period		Ten years	
Vesting conditions		Two years of service	

- (ii) The estimated fair value was calculated using the modified fair value method and the assumptions applied to this method are summarized as follows:

	<u>Third</u>	<u>Fourth</u>	<u>Sixth</u>
Risk free rate	5.71%	5.20%	4.55%
Expected exercise period (years)	3	3	3
Expected volatility	51.35%	56.02%	48.15%
Expected dividend yield	2.91%	3.58%	1.84%
Expected expiration rate of rights	0%	0%	0%

- (iii) The number and weighted average exercise price of share options as of June 30, 2011 and December 31, 2010 are as follows:

(In won, except number of options)

	<u>2011</u>		<u>2010</u>	
	<u>Number of options</u>	<u>Weighted average exercise price</u>	<u>Number of options</u>	<u>Weighted average exercise price</u>
Outstanding at beginning	218,259	₩ 100,901	441,309	₩ 79,512
Exercised	70,910	63,134	223,050	58,583
Exercisable at end	147,349	₩ 119,076	218,259	₩ 100,901

## 22. Other capital, continued

The weighted average stock price as of share option exercising date is ₩ 178,538. The weighted average remaining exercisable period is 1.92 years.

Expenses arising from the above share-based payments were fully recognized, there were no expenses recognized for the six-month period ended June 30, 2011.

## 23. Accumulated other comprehensive income

Accumulated other comprehensive income as of June 30, 2011 and December 31, 2010 are summarized as follows:



Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

<i>(In thousands of won)</i>		<u>2011</u>	<u>2010</u>
Gain in fair value of available-for-sale financial assets	₩	1,464,279,153	1,385,750,956
Unrealized holding gain on equity method investments		13,957,179	12,700,289
Unrealized holding loss on equity method investments		(15,561,163)	(9,149,894)
Loss on translation of foreign operations		(44,840,784)	(26,219,967)
Actuarial losses on employee benefits		(29,514,507)	(29,514,507)
	₩	<u>1,388,319,878</u>	<u>1,333,566,877</u>

**24. Retained earnings**

Retained earnings as of June 30, 2011 and December 31, 2010 are summarized as follows:

<i>(In thousands of won)</i>		<u>2011</u>	<u>2010</u>
Legal reserve	₩	108,465,000	101,265,000
Discretionary reserve		2,965,628,000	2,745,728,000
Unappropriated retained earnings		410,522,537	544,059,037
	₩	<u>3,484,615,537</u>	<u>3,391,052,037</u>

**25. Selling, general and administrative expenses**

Selling, general and administrative expenses for the three- and six-month periods ended June 30, 2011 and 2010 were summarized as follows:

<i>(In thousands of won)</i>		<u>2011</u>		<u>2010</u>	
		<u>Three-month</u>	<u>Six-month</u>	<u>Three-month</u>	<u>Six-month</u>
Salaries and wages	₩	62,472,651	99,618,297	61,871,244	108,094,321
Accrual for retirement and severance benefits		2,811,933	6,723,671	2,587,592	4,751,960
Employee fringe benefits		17,658,960	28,179,895	12,574,875	31,697,521

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

Depreciation	9,366,450	18,191,718	9,520,128	18,445,958
Research and development expenses	5,145,311	16,739,119	9,408,216	21,611,302
Supplies and repair cost	2,283,563	4,925,349	2,615,608	5,396,989
Power and water cost	1,307,377	2,852,184	1,002,004	2,404,137
Transportation cost	3,612,888	6,411,008	2,554,134	5,410,029
Insurance expenses	3,826,850	7,600,023	3,749,064	7,383,620
Selling and distribution cost	13,880,632	26,860,529	17,165,823	32,039,984
Fees and commissions	13,802,370	28,397,313	22,695,980	41,896,058
Rental expenses	1,707,076	2,947,292	3,296,708	4,479,534
Bad debt expenses	685,454	1,071,031	371,787	1,539,109
Others	13,630,800	22,995,707	10,575,235	18,125,522
	<u>₩ 152,192,315</u>	<u>273,513,136</u>	<u>159,988,398</u>	<u>303,276,044</u>

26. Expenses by nature

The nature of expenses for the three- and six-month periods ended June 30, 2011 and 2010 were as follows:

<i>(In thousands of won)</i>	2011		2010	
	Three-month	Six-month	Three-month	Six-month
Salaries and wages	₩ 136,838,801	243,510,749	128,266,402	237,938,288
Accrual for retirement and severance benefits	7,980,799	15,743,135	4,694,344	12,179,894
Employee fringe benefits	39,935,406	70,400,833	30,590,457	65,932,087
Depreciation	99,532,276	191,941,698	88,737,705	179,491,221
Amortization	4,689,413	9,442,160	3,988,389	7,610,061

27. Other income and other expense

(a) Other income for the three- and six-month periods ended June 30, 2011 and 2010 were summarized as follows:

<i>(In thousands of won)</i>	2011		2010	
	Three-month	Six-month	Three-month	Six-month
Dividends income	₩ -	18,730,201	3,990	23,345,901
Rental income	74,157	135,440	227	2,022
Reversal of allowance for doubtful accounts	-	-	273,863	48,334
Gain on sale of available-for-sale securities	-	-	264,118	264,118

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

Gain on disposal of equity method investments	285,734	123,836,711	-	-
Gain on sale of property, plant and equipment	21,286,549	22,123,950	33,723,013	35,213,794
Gain on sale of investment assets	2,355,429	3,164,241	460,034	460,034
Reversal of loss on impairment of property, plant and equipment	795,051	8,142,547	1,511,356	1,511,356
Miscellaneous income	13,454,916	40,571,800	3,586,991	9,798,424
	<u>₩ 38,251,836</u>	<u>216,704,890</u>	<u>39,823,592</u>	<u>70,643,983</u>

(b) Other expense for the three- and six-month periods ended June 30, 2011 and 2010 were summarized as follows:

<i>(In thousands of won)</i>	2011		2010	
	Three-month	Six-month	Three-month	Six-month
Bad debt expenses-other	₩ 52,353	95,362	-	-
Loss on disposal of equity method investments	838,244	838,244	-	-
Donation	118,371	186,352	106,281	307,831
Loss on disposal of property, plant and equipment	255,441	664,167	353,578	625,291
Loss on impairment for property, plant and equipment	16,842	16,842	-	-
Loss on disposal of intangible assets	4	4	23,024	23,024
Loss on sale of investment assets	15,482	15,482	-	-
Miscellaneous loss	3,272,690	129,453,751	3,886,006	4,622,392
	<u>₩ 4,569,427</u>	<u>131,270,204</u>	<u>4,368,889</u>	<u>5,578,538</u>

**28. Financial income and financial costs**

(a) Financial income for the three- and six-month periods ended June 30, 2011 and 2010 were summarized as follows:

<i>(In thousands of won)</i>	2011		2010	
	Three-month	Six-month	Three-month	Six-month
Interest income	₩ 4,936,296	11,909,206	12,146,544	23,185,209
Foreign currency transaction gain	36,600,892	59,679,864	89,095,400	116,107,322
Foreign currency translation gain	2,673,251	11,007,147	2,191,703	21,757,296
Gain on transaction of derivatives	-	-	14,780,000	7,420,000
	<u>₩ 44,210,439</u>	<u>82,596,217</u>	<u>118,213,647</u>	<u>168,469,827</u>

(b) Financial costs for the three- and six-month periods ended June 30, 2011 and 2010 were summarized as follows:

2011	2010
41	

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

(In thousands of won)

		<u>Three-month</u>	<u>Six-month</u>	<u>Three-month</u>	<u>Six-month</u>
Interest expense	₩	4,534,389	8,658,491	9,095,058	17,959,106
Foreign currency transaction loss		47,077,691	79,234,263	97,082,094	137,988,708
Foreign currency translation loss		-	12,990,308	10,588,746	21,469,006
	₩	<u>51,612,080</u>	<u>100,883,062</u>	<u>116,765,898</u>	<u>177,416,820</u>

29. Income taxes

The components of income tax expense for the three- and six-month periods ended June 30, 2011 and 2010 were as follows:

		<u>2011</u>		<u>2010</u>	
		<u>Three-month</u>	<u>Six-month</u>	<u>Three-month</u>	<u>Six-month</u>
(In thousands of won)					
Current income taxes	₩	5,436,221	9,549,842	3,578,594	11,707,831
Deferred income taxes from changes in temporary differences		33,061,211	66,294,067	8,332,199	10,501,506
Deferred income taxes from changes in tax credit carryforwards		(4,055,612)	(14,280,349)	(3,056,759)	3,937,293
Deferred income taxes from changes in loss carryforwards		1,280,615	2,538,486	12,468,491	2,997,181
Deferred income taxes recorded in stockholders' equity		(128,911)	(284,905)	(820,389)	(685,517)
Others		133,944	133,944	81,816	31,387
Income tax expense	₩	<u>35,727,468</u>	<u>63,951,055</u>	<u>20,583,952</u>	<u>28,489,681</u>

30. Earnings per share

(a) Basic earnings per share

(i) Basic earnings per share for the three- and six-month periods ended June 30, 2011 and 2010 were as follows:

(In thousands of won, except earnings per share)

		<u>2011</u>		<u>2010</u>	
		<u>Three-month</u>	<u>Six-month</u>	<u>Three-month</u>	<u>Six-month</u>
Net income	₩	86,512,997	165,225,659	68,422,306	115,118,891
Weighted average number of common shares outstanding		43,291,648	43,270,754	43,093,720	43,022,879
Earnings per share	₩	<u>1,998</u>	<u>3,818</u>	<u>1,588</u>	<u>2,676</u>

(ii) Weighted average number of common shares outstanding for the three- and six-month periods ended June 30, 2011 was calculated as follows:

<u>2011</u>	<u>2010</u>
-------------	-------------

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

<i>(In shares)</i>	Three-month	Six-month	Three-month	Six-month
Issued common shares at beginning	45,558,341	45,558,341	45,558,341	45,558,341
Effect of treasury stocks held	(2,266,693)	(2,287,587)	(2,461,423)	(2,497,680)
Effect of treasury stock	-	-	(3,198)	(37,782)
Weighted average number of common shares outstanding (basic)	43,291,648	43,270,754	43,093,720	43,022,879

(b) Diluted earnings per share

(i) Diluted earnings per share for the three- and six-month periods ended June 30, 2011 and 2010 were as follows:

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

	2011		2010	
	Three-month	Six-month	Three-month	Six-month
Net income	₩ 86,512,997	165,225,659	68,422,306	115,118,891
Weighted average number of common shares outstanding	43,350,136	43,338,705	43,675,384	43,207,951
Earnings per share	₩ 1,996	3,812	1,567	2,664

30. Earnings per share, continued

(b) Diluted earnings per share, continued

(ii) Weighted average number of common shares outstanding for the three- and six-month periods ended June 30, 2011 was calculated as follows:

<i>(In shares)</i>	2011		2010	
	Three-month	Six-month	Three-month	Six-month
Weighted average number of common shares outstanding (basic)	43,291,648	43,270,754	43,093,720	43,022,879
Effect of share options on issue (unexercised)	50,962	47,198	133,894	129,925
Effect of share options on issue (exercised)	7,526	20,753	447,770	55,147
Weighted average number of common shares outstanding (diluted)	43,350,136	43,338,705	43,675,384	43,207,951

(c) Anti-dilutive potential common shares

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

There are potentially dilutive share options which were not included in the calculation of the diluted earnings per share due to their anti-dilutive effect for the six-month periods ended June 30, 2011. Details of these share options were as follows:

Item	Exercise period	Number of shares to be issued	Exercise price
Share options (3 <sup>rd</sup> )	Mar. 1, 2004 to Feb. 28, 2012	54,980	₩ 60,400 per share
Share options (4 <sup>th</sup> )	Mar. 13, 2005 to Mar. 12, 2013	12,010	₩ 67,700 per share
Share options (6 <sup>th</sup> )	Apr. 24, 2006 to Apr. 23, 2014	80,359	₩ 166,900 per share

**31. Transactions and balances with related companies**

- (a) Significant transactions with related companies for the six-month periods ended June 30, 2011 and 2010 were as follows:

*(In thousands of won)*

	2011		2010	
	Revenues	Expenses	Revenues	Expenses
<b>Major shareholder</b>				
Samsung Electronics Co., Ltd. ("SEC")	₩ 152,333,595	37,978,563	156,502,155	42,316,113
<b>Jointly controlled entities</b>				
SBL	12,738,947	824,352	5,101,390	-
<b>Affiliated corporations</b>				
SMD	29,243,784	-	31,460,993	76,878
SERI	-	1,033,250	-	636,399
SDI(M) (*)	82,520	30,527,540	67,338	39,354,270
Samsung Japan Co., Ltd.	51,663,717	109,409,185	8,276,447	68,743,781
Samsung International Inc.	326,552,173	-	351,755,445	-
Samsung Electronics Display (M) SDN. OMD. (HSD)	73,606,400	-	59,822,443	-

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

Samsung Electronics Hong Kong Co., Ltd.	36,202,403	36,525,180	43,294,762	58,131,128
Tianjin Samsung Electronics Co., Ltd.	24,145,717	-	19,529,130	-
Samsung Electronics Suzhou Computer Co., Ltd.	90,647,858	-	107,164,644	-
Other affiliated corporations	453,333,187	626,395	474,334,587	11,515
₩	<u>1,250,550,301</u>	<u>216,924,465</u>	<u>1,257,309,334</u>	<u>209,270,084</u>

(\*) SDI(M) was excluded from the Group's affiliated corporation during the six-month periods ended June 30, 2011 due to the capital reduction of SDI(M). The above transactions are for the period of which the relationship was maintained.

**31. Transactions and balances with related companies, continued**

(b) Account balances with related companies as of June 30, 2011 and December 31, 2010 are as follows:

(In thousands of won)

	2011		2010	
	Receivables	Payables	Receivables	Payables
<b>Major shareholder</b>				
Samsung Electronics Co., Ltd. ("SEC")	₩ 35,788,551	6,898,514	44,020,028	5,807,349
<b>Jointly controlled entities</b>				
SBL	5,925,967	3,103	6,487,849	-
<b>Affiliated corporations</b>				
SMD	2,831,084	-	4,415,433	-
SERI	-	240,126	-	204,660
Samsung Japan Co., Ltd.	12,809,218	20,699,341	967,271	27,337,976
Samsung International Inc.	29,342,695	610,540	4,145,422	104,338
Samsung Electronics Display (M) SDN. OMD. (HSD)	6,769,792	355	2,915,463	-

Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

Samsung Electronics Hong Kong Co., Ltd.	10,543,793	17,900,718	14,787,986	17,502,405
Tianjin Samsung Electronics Co., Ltd.	1,983,901	-	106,988	-
Samsung Electronics Suzhou Computer Co., Ltd.	18,824,970	-	20,976,079	-
Other affiliated corporations	78,408,720	730,410	48,310,305	289,458
<b>₩</b>	<b>203,228,691</b>	<b>47,083,107</b>	<b>147,132,824</b>	<b>51,246,186</b>

- (c) Personnel compensation in total to registered officers (the “Key management”) who have the authority and responsibility in the planning, directing, and control of the Group is ₩ 1,420 million and ₩ 1,240 million, for the six-month periods ended June 30, 2011 and 2010, respectively. As of June 30, 2011 and December 31, 2010, liabilities related to long-term employee benefits are ₩ 1,342 million and ₩ 3,950 million, respectively. In addition, liabilities related to retirement benefits as of June 30, 2011 and December 31, 2010 are ₩ 3,438 million and ₩ 1,325 million, respectively.
- (d) As discussed in note 20 to the consolidated financial statements, as of June 30, 2011, the Group has a joint obligation for payables of related parties.

**32. Controlling and non-controlling interests in earnings of consolidated subsidiaries**

Net income of the controlling company and the non-controlling interest in income for the period ended June 30, 2011 was as follows:

*(In thousands of won, except percentage of ownership)*

	Percentage of non-controlling interest	Amount
Net income		₩ 178,286,487
Net income attribute to controlling interests		165,225,659
Net income attribute to non-controlling interest		13,060,828
SDI(M)	31.40%	1,682,554
SDIA	8.30%	713,172
SDIM	8.30%	237,865
SDIHK	4.10%	(28,276)
SSDI	23.30%	5,609,361
TSDI	23.30%	1,886,927
SSED	42.10%	2,932,706
SDIB	4.10%	28,504
SVIC 15	1.00%	(1,985)



Samsung SDI Co., Ltd. and Subsidiaries  
Notes to the Consolidated Interim Financial Statements

June 30, 2011

**33. Subsequent event**

- (a) The Group purchased solar battery business from Samsung Electronics Co., Ltd., the largest shareholder of the Company, for ₩ 160,800 million in cash on July 1, 2011.
- (b) The Group was notified to pay penalty of USD 32,000,400 on price-fixing of cathode-ray tubes from the United States Federal Court in August 2011. The Group had paid the equivalent amount according to the agreement reached in March 2011(note 20(e)) and the case was closed.