

# ***Samsung C&T Corporation and Subsidiaries***

Consolidated Interim Financial Statements

June 30, 2019 and 2018

**Samsung C&T Corporation and Subsidiaries**  
**Index**  
**June 30, 2019 and 2018 (Unaudited), and December 31, 2018**

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## **Report on Review of Interim Financial Statements**

(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of  
Samsung C&T Corporation

### ***Reviewed Financial Statements***

We have reviewed the accompanying consolidated interim financial statements of Samsung C&T Corporation (the “Company” or the “Parent Company”) and its subsidiaries (collectively referred to as the “Group”). These financial statements consist of the consolidated interim statement of financial position of the Group as at June 30, 2019, and the related consolidated interim statements of comprehensive income for three-month and six-month periods June 30, 2019 and 2018, and consolidated interim statements of changes in equity and cash flows for the six-month periods ended June 30, 2019 and 2018, and a summary of significant accounting policies and other explanatory notes, expressed in Korean won.

### ***Management’s Responsibility for the Financial Statements***

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

### ***Auditor’s responsibility***

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

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

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe the accompanying consolidated interim financial statements are not presented fairly, in all material respects, in accordance with Korean IFRS 1034 *Interim Financial Reporting*.

***Other Matters***

We have audited the consolidated statement of financial position of the Group as at December 31, 2018, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, in accordance with Korean Standards on Auditing. We expressed an unqualified opinion on those financial statements, not presented herein, in our audit report dated March 14, 2019. The consolidated statement of financial position as at December 31, 2018, presented herein for comparative purposes, is consistent, in all material respects, with the above audited statement of financial position as at December 31, 2018.

The accompanying consolidated interim financial statements as at June 30, 2019 and December 31, 2018, and for the six-month periods ended June 30, 2019 and 2018, have been translated into U.S. dollars solely for the convenience of the reader and have been translated on the basis set forth in Note 3 to the consolidated interim financial statements.

Review standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to review such financial statements may differ from those generally accepted and applied in other countries.

*Samuel PricewaterhouseCoopers*

Seoul, Korea  
August 14, 2019

This report is effective as of August 14, 2019, 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 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 C&T Corporation and Subsidiaries**  
**Consolidated Interim Statements of Financial Position**  
**June 30, 2019 and December 31, 2018**

(in millions of Korean won and thousands of U.S. dollars (Note 3))

	Notes	June 30, 2019 (Unaudited)	December 31, 2018	June 30, 2019 (Unaudited)	December 31, 2018
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	₩ 1,941,160	₩ 2,903,538	\$ 1,678,043	\$ 2,509,974
Short-term financial instruments	7	573,924	638,374	496,131	551,845
Financial assets at fair value through profit or loss	7,11	380,000	540,081	328,492	466,875
Financial assets at fair value through other comprehensive income	7,11	123	151	106	130
Trade receivables	7,8	4,894,815	4,883,449	4,231,341	4,221,515
Other current assets	7,8	2,909,337	3,006,398	2,514,987	2,598,892
Inventories	6	1,857,113	1,699,301	1,605,388	1,468,967
Total current assets		12,556,472	13,671,292	10,854,488	11,818,198
<b>Non-current assets</b>					
Financial assets at fair value through profit or loss	7,11	263,897	179,430	228,127	155,109
Financial assets at fair value through other comprehensive income	7,11	20,557,446	17,948,249	17,770,960	15,515,430
Investments in associates and joint ventures	12	3,641,905	3,627,971	3,148,258	3,136,213
Property, plant and equipment	13	5,016,090	5,024,404	4,336,177	4,343,364
Investment properties	14,32	189,283	40,947	163,626	35,397
Biological assets		2,221	2,085	1,920	1,802
Intangible assets	13	1,042,477	1,061,448	901,173	917,572
Right-of-use assets	32	282,361	-	244,088	-
Deferred tax assets		119,180	97,803	103,026	84,547
Other non-current assets	7,8	787,317	753,023	680,599	650,954
Total non-current assets		31,902,177	28,735,360	27,577,954	24,840,388
<b>Total assets</b>		₩ 44,458,649	₩ 42,406,652	\$ 38,432,442	\$ 36,658,586

**Samsung C&T Corporation and Subsidiaries**  
**Consolidated Interim Statements of Financial Position**  
**June 30, 2019 and December 31, 2018**

(in millions of Korean won and thousands of U.S. dollars (Note 3))

	Notes	June 30, 2019 (Unaudited)	December 31, 2018	June 30, 2019 (Unaudited)	December 31, 2018
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade payables	7	₩ 1,884,796	₩ 1,685,645	\$ 1,629,319	\$ 1,457,162
Short-term borrowings	7,15	1,851,250	1,369,502	1,600,320	1,183,871
Current portion of long-term borrowings	7,15	965,016	1,893,832	834,212	1,637,130
Current tax liabilities		121,777	475,590	105,269	411,126
Other current liabilities	5,7,9,17,32	7,057,233	7,592,262	6,100,651	6,563,159
Total current liabilities		11,880,072	13,016,831	10,269,771	11,252,448
<b>Non-current liabilities</b>					
Debentures and long-term borrowings	7,15	1,245,116	1,253,312	1,076,345	1,083,430
Net defined benefit liability	16	141,667	107,723	122,465	93,121
Deferred tax liabilities		5,667,317	4,964,981	4,899,132	4,291,995
Provisions	5,17	323,802	321,504	279,912	277,926
Other non-current liabilities	7,9,32	538,120	193,366	465,180	167,156
Total non-current liabilities		7,916,022	6,840,886	6,843,034	5,913,628
<b>Total liabilities</b>		19,796,094	19,857,717	17,112,805	17,166,076

**Samsung C&T Corporation and Subsidiaries**  
**Consolidated Interim Statements of Financial Position**  
**June 30, 2019 and December 31, 2018**

(in millions of Korean won and thousands of U.S. dollars (Note 3))

	Notes	June 30, 2019 (Unaudited)	December 31, 2018	June 30, 2019 (Unaudited)	December 31, 2018
<b>Equity</b>					
Share capital	19	19,132	19,132	16,539	16,539
Consolidated capital surplus		10,468,876	10,468,876	9,049,859	9,049,859
Other components of equity	19,20	4,534,711	2,509,117	3,920,048	2,169,015
Retained earnings		7,077,475	6,949,465	6,118,149	6,007,490
Equity attributable to owners of the Parent Company		22,100,194	19,946,590	19,104,595	17,242,903
Non-controlling interests	1	2,562,361	2,602,345	2,215,042	2,249,607
<b>Total equity</b>		<u>24,662,555</u>	<u>22,548,935</u>	<u>21,319,637</u>	<u>19,492,510</u>
<b>Total liabilities and equity</b>		<u>₩ 44,458,649</u>	<u>₩ 42,406,652</u>	<u>\$ 38,432,442</u>	<u>\$ 36,658,586</u>

The US dollar figures are provided for information purposes only and do not form part of the consolidated interim financial statements. Refer to Note 3.

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

**Samsung C&T Corporation and Subsidiaries**  
**Consolidated Interim Statements of Comprehensive Income**  
**Three-Month and Six-Month Periods Ended June 30, 2019 and 2018**

*(in millions of Korean won and thousands of U.S. dollars, except earnings per share amounts (Note 3))*

	Notes	2019 (Unaudited)		2018 (Unaudited)		2019 (Unaudited)		2018 (Unaudited)	
		Three months	Six months	Three months	Six months	Three months	Six months	Three months	Six months
<b>Net sales</b>	30	₩ 7,971,965	₩15,329,017	₩ 7,927,727	₩15,404,048	\$ 6,959,740	\$13,382,645	\$ 6,921,119	\$13,448,149
<b>Cost of sales</b>	23	7,079,193	13,622,967	6,868,239	13,416,835	6,180,326	11,893,217	5,996,158	11,713,259
<b>Gross profit</b>		892,772	1,706,050	1,059,488	1,987,213	779,414	1,489,428	924,961	1,734,890
Selling and administrative expenses	21,23	672,085	1,380,209	681,362	1,399,916	586,748	1,204,960	594,847	1,222,164
<b>Operating profit</b>	24,30	220,687	325,841	378,126	587,297	192,666	284,468	330,114	512,726
Other income	22	275,054	664,149	291,610	786,169	240,130	579,820	254,584	686,347
Other expenses	22	200,201	345,113	188,317	327,995	174,781	301,293	164,406	286,348
Financial income	25	44,273	96,165	79,478	118,046	38,652	83,955	69,386	103,057
Financial expenses	25	67,556	124,754	73,141	131,157	58,978	108,914	63,854	114,504
Share of profit of associates and joint ventures	12	26,165	37,963	7,939	13,897	22,843	33,143	6,931	12,133
Share of loss of associates and joint ventures	12	11,417	17,278	48,929	108,409	9,967	15,084	42,716	94,644
<b>Profit before income tax</b>		287,005	636,973	446,766	937,848	250,565	556,095	390,039	818,767
<b>Income tax expense</b>	26	79,577	207,111	114,704	229,871	69,473	180,813	100,140	200,684
<b>Profit for the period</b>		₩ 207,428	₩ 429,862	₩ 332,062	₩ 707,977	\$ 181,092	\$ 375,282	\$ 289,899	\$ 618,083



**Samsung C&T Corporation and Subsidiaries**  
**Consolidated Interim Statements of Comprehensive Income**  
**Three-Month and Six-Month Periods Ended June 30, 2019 and 2018**

*(in millions of Korean won and thousands of U.S. dollars, except earnings per share amounts (Note 3))*

Notes	2019 (Unaudited)		2018 (Unaudited)		2019 (Unaudited)		2018 (Unaudited)	
	Three months	Six months	Three months	Six months	Three months	Six months	Three months	Six months
<b>Other comprehensive income for the period, net of tax</b>								
Items that may be subsequently reclassified to profit or loss								
Share of other comprehensive income of associates and joint ventures	₩ (5,981)	₩ (5,755)	₩ 14,812	₩ 17,249	₩ (5,222)	₩ (5,024)	₩ 12,931	₩ 15,059
Exchange differences	27,658	48,819	28,002	39,262	24,146	42,621	24,447	34,277
Cash flow hedges	(1,230)	(3,859)	(1,572)	(12,451)	(1,074)	(3,369)	(1,372)	(10,870)
Items that will not be reclassified to profit or loss								
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	320,528	1,994,168	(1,626,476)	(1,654,120)	279,830	1,740,962	(1,419,958)	(1,444,091)
Remeasurements of net defined benefit liabilities	(56)	(113)	-	-	(49)	(99)	-	-
	340,919	2,033,260	(1,585,234)	(1,610,060)	297,631	1,775,091	(1,383,952)	(1,405,625)
<b>Total comprehensive income (loss) for the period</b>	₩ 548,347	₩ 2,463,122	₩(1,253,172)	₩ (902,083)	₩ 478,723	₩ 2,150,373	₩ (1,094,053)	₩ (787,542)

**Samsung C&T Corporation and Subsidiaries**  
**Consolidated Interim Statements of Comprehensive Income**  
**Three-Month and Six-Month Periods Ended June 30, 2019 and 2018**

*(in millions of Korean won and thousands of U.S. dollars, except earnings per share amounts (Note 3))*

	Notes	2019 (Unaudited)		2018 (Unaudited)		2019 (Unaudited)		2018 (Unaudited)	
		Three months	Six months	Three months	Six months	Three months	Six months	Three months	Six months
<b>Profit for the period attributable to:</b>									
Owners of the Parent Company		₩ 219,805	₩ 469,130	₩ 360,970	₩ 765,168	\$ 191,897	\$ 409,564	\$ 315,137	\$ 668,012
Non-controlling interest	1	(12,377)	(39,268)	(28,908)	(57,191)	(10,805)	(34,282)	(25,238)	(49,929)
<b>Total comprehensive income (loss) for the period attributable to:</b>									
Owners of the Parent Company		559,928	2,499,655	(1,236,495)	(855,684)	488,834	2,182,267	(1,079,494)	(747,034)
Non-controlling interest		(11,581)	(36,533)	(16,677)	(46,399)	(10,111)	(31,894)	(14,559)	(40,508)
<b>Earnings per share:</b>	27								
Basic earnings per share		₩ 1,332	₩ 2,844	₩ 2,188	₩ 4,639	\$ 1.16	\$ 2.48	\$ 1.91	\$ 4.05

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

## Samsung C&T Corporation and Subsidiaries

### Consolidated Interim Statements of Changes in Equity

### Six-Month Periods Ended June 30, 2019 and 2018

(in millions of Korean won and thousands of U.S. dollars (Note 3))

	Notes	Share capital	Consolidated capital surplus	Consolidated retained earnings	Other components of equity	Non-controlling interests	Total	Share capital	Consolidated capital surplus	Consolidated retained earnings	Other components of equity	Non-controlling interests	Total
<b>Balance at January 1, 2018</b>		₩ 19,132	₩ 10,468,265	₩ 5,755,405	₩ 6,313,950	₩ 2,594,498	₩25,151,250	\$ 16,539	\$ 9,049,330	\$ 4,975,281	\$ 5,458,117	\$ 2,242,824	\$ 21,742,091
<b>Cumulative effect of changes in accounting policy</b>		-	-	(130,131)	-	(21,270)	(151,401)	-	-	(112,492)	-	(18,387)	(130,879)
<b>Beginning balance after adjustments</b>		19,132	10,468,265	5,625,274	6,313,950	2,573,228	24,999,849	16,539	9,049,330	4,862,789	5,458,117	2,224,437	21,611,212
<b>Total comprehensive income:</b>													
Profit for the period		-	-	765,168	-	(57,191)	707,977	-	-	661,452	-	(49,439)	612,013
Changes in the fair value of financial assets at fair value through other comprehensive income	11	-	-	-	(1,654,120)	-	(1,654,120)	-	-	-	(1,429,910)	-	(1,429,910)
Reclassification from disposal of financial assets at fair value through other comprehensive income	11	-	-	(319)	319	-	-	-	-	(276)	276	-	-
Share of other comprehensive income of associates and joint ventures	12	-	-	-	16,347	902	17,249	-	-	-	14,131	780	14,911
Exchange differences		-	-	-	29,481	9,781	39,262	-	-	-	25,485	8,456	33,941
Cash flow hedge		-	-	-	(12,559)	108	(12,451)	-	-	-	(10,857)	93	(10,764)
<b>Transactions with owners:</b>													
Cash dividends		-	-	(329,938)	-	(7,851)	(337,789)	-	-	(285,216)	-	(6,787)	(292,003)
Others		-	-	24	-	32	56	-	-	21	-	27	48
<b>Balance at June 30, 2018 (Unaudited)</b>		₩ 19,132	₩ 10,468,265	₩ 6,060,209	₩ 4,693,418	₩ 2,519,009	₩23,760,033	\$ 16,539	\$ 9,049,330	\$ 5,238,770	\$ 4,057,242	\$ 2,177,567	\$ 20,539,448

## Samsung C&T Corporation and Subsidiaries

### Consolidated Interim Statements of Changes in Equity

### Six-Month Periods Ended June 30, 2019 and 2018

(in millions of Korean won and thousands of U.S. dollars (Note 3))

	Notes	Share capital	Consolidated capital surplus	Consolidated retained earnings	Other components of equity	Non-controlling interests	Total	Share capital	Consolidated capital surplus	Consolidated retained earnings	Other components of equity	Non-controlling interests	Total
<b>Balance at January 1, 2019</b>		₩ 19,132	₩ 10,468,876	₩ 6,949,465	₩ 2,509,117	₩ 2,602,345	₩ 22,548,935	\$ 16,539	\$ 9,049,859	\$ 6,007,490	\$ 2,169,015	\$ 2,249,607	\$ 19,492,510
<b>Cumulative effect of changes in accounting policy</b>	32	-	-	(16,114)	-	-	(16,114)	-	-	(13,930)	-	-	(13,930)
<b>Beginning balance after adjustments</b>		19,132	10,468,876	6,933,351	2,509,117	2,602,345	22,532,821	16,539	9,049,859	5,993,560	2,169,015	2,249,607	19,478,580
<b>Total comprehensive income:</b>													
Profit for the period		-	-	469,130	-	(39,268)	429,862	-	-	405,541	-	(33,945)	371,596
Changes in the fair value of financial assets at fair value through other comprehensive income	11	-	-	-	1,994,168	-	1,994,168	-	-	-	1,723,866	-	1,723,866
Reclassification from disposal of financial assets at fair value through other comprehensive income	11	-	-	4,981	(4,981)	-	-	-	-	4,306	(4,306)	-	-
Share of other comprehensive income of associates and joint ventures	12	-	-	-	(5,866)	111	(5,755)	-	-	-	(5,071)	96	(4,975)
Exchange differences		-	-	-	46,246	2,573	48,819	-	-	-	39,978	2,224	42,202
Cash flow hedge		-	-	-	(3,973)	114	(3,859)	-	-	-	(3,434)	99	(3,335)
Remeasurements of the net defined benefit liabilities		-	-	(50)	-	(63)	(113)	-	-	(43)	-	(55)	(98)
<b>Transactions with owners:</b>													
Cash dividends		-	-	(329,937)	-	(3,451)	(333,388)	-	-	(285,215)	-	(2,984)	(288,199)
<b>Balance at June 30, 2019 (Unaudited)</b>		₩ 19,132	₩ 10,468,876	₩ 7,077,475	₩ 4,534,711	₩ 2,562,361	₩ 24,662,555	\$ 16,539	\$ 9,049,859	\$ 6,118,149	\$ 3,920,048	\$ 2,215,042	\$ 21,319,637

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

**Samsung C&T Corporation and Subsidiaries**  
**Consolidated Interim Statements of Cash Flows**  
**Six-Month Periods Ended June 30, 2019 and 2018**

(in millions of Korean won and thousands of U.S. dollars (Note 3))

	Notes	Six-month Period Ended June 30			
		2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Unaudited)
<b>Cash flows from operating activities</b>					
Cash generated from (used in) operations	29	₩ (2,639)	₩ 892,141	\$ (2,281)	\$ 771,215
Interest received		68,710	61,216	59,397	52,918
Interest paid		(75,845)	(98,933)	(65,565)	(85,523)
Dividends received		384,668	386,677	332,528	334,264
Income taxes paid		(583,699)	(54,958)	(504,581)	(47,509)
<b>Net cash inflow (outflow) from operating activities</b>		<b>(208,805)</b>	<b>1,186,143</b>	<b>(180,502)</b>	<b>1,025,365</b>
<b>Cash flows from investing activities</b>					
Disposal of assets held for sale		-	9,141	-	7,902
Decrease in short-term financial instruments		64,877	2,246	56,083	1,942
Disposal of financial assets at fair value through profit or loss	11	920,174	73	795,448	63
Disposal of financial assets at fair value through other comprehensive income	11	20,453	503	17,681	435
Decrease in investments in subsidiaries		41,173	-	35,592	-
Disposal of investments in associates and joint ventures	12	53,508	25,172	46,255	21,760
Decrease in long-term receivables		32,098	2,414	27,747	2,087
Decrease in deposits		81,282	23,319	70,265	20,158
Disposal of property, plant and equipment	13	6,773	151,501	5,855	130,966
Disposal of intangible assets	13	47	1,368	41	1,183
Disposal of investment properties		-	120,743	-	104,377
Decrease in other non-current assets		4,009	1,248	3,465	1,078
Increase in short-term loans		(33,838)	(93,732)	(29,251)	(81,027)
Acquisition of financial assets at fair value through profit or loss	11	(763,428)	(390,109)	(659,948)	(337,231)
Acquisition of financial assets at fair value through other comprehensive income	11	-	(2,030)	-	(1,755)
Acquisition of investments in associates and joint ventures	12	(24,426)	(11,006)	(21,115)	(9,514)
Increase in long-term receivables		(1,283)	(11,223)	(1,109)	(9,702)
Increase in deposits		(88,619)	(30,600)	(76,607)	(26,452)
Acquisition of property, plant and equipment	13	(178,522)	(269,555)	(154,324)	(233,018)
Acquisition of intangible assets	13	(14,298)	(30,971)	(12,360)	(26,773)
Acquisition of investment properties		(21,103)	-	(18,243)	-
Cash flows due to changes in scope of consolidation		(7)	-	(6)	-
Increase in other non-current assets		(7,452)	(656)	(6,442)	(568)
<b>Net cash inflow (outflow) from investing activities</b>		<b>₩ 91,418</b>	<b>₩ (502,154)</b>	<b>\$ 79,027</b>	<b>\$ (434,089)</b>

**Samsung C&T Corporation and Subsidiaries**  
**Consolidated Interim Statements of Cash Flows**  
**Six-Month Periods Ended June 30, 2019 and 2018**

(in millions of Korean won and thousands of U.S. dollars (Note 3))

	Notes	Six-month Period Ended June 30			
		2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Unaudited)
<b>Cash flows from financing activities</b>					
Net increase in short-term borrowings		₩ 449,227	₩ -	\$ 388,336	\$ -
Proceeds from bonds issuance	29	-	189,579	-	163,882
Increase in long-term borrowings	29	30,251	160,512	26,151	138,755
Increase in leasehold deposits received		154	-	133	-
Dividends paid to shareholders		(329,937)	(329,938)	(285,215)	(285,216)
Net decrease in short-term borrowings	29	-	(440,833)	-	(381,080)
Repayment of current portion of long-term borrowings	29	(971,383)	(300,000)	(839,716)	(259,336)
Early redemption of long-term borrowings	29	(12,269)	(72,679)	(10,606)	(62,827)
Decrease in leasehold deposits received		(2,245)	-	(1,941)	-
Principal elements of lease payments		(56,191)	-	(48,575)	-
Dividends paid to non-controlling interests	1	(3,451)	(7,851)	(2,983)	(6,787)
<b>Net cash outflow from financing activities</b>		<b>(895,844)</b>	<b>(801,210)</b>	<b>(774,416)</b>	<b>(692,609)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,013,231)</b>	<b>(117,221)</b>	<b>(875,891)</b>	<b>(101,333)</b>
Cash and cash equivalents at the beginning of the period		2,903,538	2,993,152	2,509,974	2,587,441
Effects of exchange rate changes on cash and cash equivalents		50,853	41,146	43,960	35,569
Cash and cash equivalents at the end of the period		₩ 1,941,160	₩ 2,917,077	\$ 1,678,043	\$ 2,521,677

The US dollar figures are provided for information purposes only and do not form part of the consolidated interim financial statements. Refer to Note 3.

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

# **Samsung C&T Corporation and Subsidiaries**

## **Notes to the Consolidated Interim Financial Statements**

### **June 30, 2019 and 2018 (Unaudited), and December 31, 2018**

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#### **1. General Information**

These consolidated financial statements are prepared in accordance with Korean IFRS 1110 *Consolidated Financial Statements*. Samsung C&T Corporation (the “Company” or the “Parent Company”) has 110 subsidiaries, including Samsung BioLogics Co., Ltd. (collectively referred to as the “Group”) and 48 associates and joint ventures, including Samsung Bioepis Co., Ltd. that are subject to the equity method of accounting.

#### **1.1 The Company**

The Company was established on December 23, 1963, for the purpose of engaging in tourist facilities business, and its corporate headquarters are located in Olympic-ro, Songpa-gu, Seoul. The Company primarily engages in tourist facilities, golf course services, construction, civil engineering, plant building, housing, development business, technology services, landscaping, energy conservation, environment development, fashion, retail business of various merchandise, and project organizing businesses in global market.

The Company sold its building management business of the construction division to S-1 Corporation on January 10, 2014. The Company, with the approval from Board of Directors on June 19, 2014, changed its company name from Samsung Everland Inc. to Cheil Industries Inc. on July 4, 2014, and was listed on the stock market on December 18, 2014.

For the diversification of the business portfolio and enhancement of core competitiveness, the Company, with the approval from the Board of Directors on May 26, 2015, and from the shareholders on July 17, 2015, merged with Samsung C&T Corporation on September 1, 2015. The Company newly issued 56,317,483 shares (54,690,043 shares of ordinary shares and 1,627,440 shares of preferred shares) as consideration of the acquisition, and the new shares were listed on September 15, 2015.

Meanwhile, the Company changed its name from Cheil Industries Inc. to Samsung C&T Corporation on September 2, 2015, as approved by the Board of Directors on May 26, 2015.

**Samsung C&T Corporation and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
**June 30, 2019 and 2018 (Unaudited) and December 31, 2018**

**1.2 Subsidiaries**

(a) General information of subsidiaries as at June 30, 2019, is as follows:

Subsidiaries	Primary business	Share capital (in millions of Korean won)	Number of outstanding shares	Number of shares		Ownership interest held by the Group (%)	Location	Ownership interest held by subsidiaries
				Samsung C&T Subsidiaries	Total			
Seoul Lakeside Co., Ltd.	Golf course service	₩ 1,176	117,600	117,600	-	100.00	Korea	
Samoo Architects & Engineers Co., Ltd.	Architectural design service	500	100,000	100,000	-	100.00	Korea	
CVnet Corporation <sup>2</sup>	e-Business	3,200	6,400,000	2,569,155	-	40.14	Korea	
Myodo Metal Co., Ltd.	Production of steel products	3,811	1,080,000	1,080,000	-	100.00	Japan	
Samsung C&T Japan Corporation	Trading	42,104	5,000,000	5,000,000	-	100.00	Japan	
Samsung C&T America, Inc.	Trading	52,259	105	105	-	100.00	U.S.A	
Samsung Renewable Energy, Inc.	Renewable energy development	22,867	2,000	2,000	-	100.00	Canada	
Samsung Green Repower, LLC. <sup>1</sup>	Renewable energy development	2,863	-	-	-	100.00	U.S.A	Samsung C&T America, Inc. 100%
Samsung E&C America, Inc.	Construction	104	100,000	100,000	-	100.00	U.S.A	
Samsung Solar Construction, Inc.	Renewable energy development	6	5,000	-	5,000	100.00	U.S.A	Samsung C&T America, Inc. 100%
QSSC, S.A. de C.V.	Production of steel products	8,616	93,758,250	56,254,950	18,751,650	80.00	Mexico	Samsung C&T America, Inc. 20%
Samsung C&T Oil & Gas Parallel Corp.	Natural resources development	59,630	1	1	-	100.00	U.S.A	



**Samsung C&T Corporation and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
**June 30, 2019 and 2018 (Unaudited) and December 31, 2018**

Subsidiaries	Primary business	Share capital (in millions of Korean won)	Number of outstanding shares	Number of shares		Ownership interest held by the Group (%)	Location	Ownership interest held by subsidiaries
				Samsung C&T	Subsidiaries			
Parallel Petroleum LLC. <sup>1</sup>	Natural resources development	₩ 837,480	-	-	-	51.00	U.S.A	PLL Holdings LLC. 61%
SRE GRW EPC GP, Inc. <sup>1</sup>	Renewable energy development	11	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE GRW EPC LP <sup>1</sup>	Renewable energy development	11	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 99.99%, SRE GRW EPC GP, Inc. 0.01%
SRE SKW EPC GP, Inc. <sup>1</sup>	Renewable energy development	13	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE SKW EPC LP <sup>1</sup>	Renewable energy development	11	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 99.99%, SRE SKW EPC GP, Inc. 0.01%
Samsung C&T Canada Ltd. PLL Holdings LLC. <sup>1</sup>	Construction Natural resources development	84,302 238,537	101,000,001 -	101,000,001 -	101,000,001 -	100.00 83.61	Canada U.S.A	Samsung C&T Oil & Gas Parallel Corp. 83.6%
SRE GRW LP Holdings LP <sup>1</sup>	Renewable energy development	5,681	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 99.99%, RE Wind GP Holdings, Inc. 0.01%
SRE SKW LP Holdings LP <sup>1</sup>	Renewable energy development	5,309	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 99.99%, SRE Wind GP Holdings, Inc. 0.01%
SRE WIND PA GP Inc. <sup>1</sup>	Renewable energy development	13	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE WIND PA LP <sup>1</sup>	Renewable energy development	11	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 99.99%, SRE Wind PA GP Inc. 0.01%

**Samsung C&T Corporation and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
**June 30, 2019 and 2018 (Unaudited) and December 31, 2018**

Subsidiaries	Primary business	Share capital (in millions of Korean won)	Number of outstanding shares	Number of shares		Ownership interest held by the Group (%)	Location	Ownership interest held by subsidiaries
				Samsung C&T	Total			
PLL E&P LLC. <sup>1</sup>	Natural resources development	₩ 34,733	-	-	-	90.00	U.S.A	Samsung C&T Oil & Gas Parallel Corp. 90%
SRE GRS Holdings GP Inc. <sup>1</sup>	Renewable energy development	9	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE GRS Holdings LP <sup>1</sup>	Renewable energy development	3	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 99.99%, SRE GRS Holdings GP Inc. 0.01%
SRE K2 EPC GP Inc. <sup>1</sup>	Renewable energy development	9	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE K2 EPC LP <sup>1</sup>	Renewable energy development	-	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 99.99%, SRE K2 EPC GP Inc. 0.01%
SRE KS Holdings GP Inc. <sup>1</sup>	Renewable energy development	15	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE KS Holdings LP <sup>1</sup>	Renewable energy development	515	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 99.99%, SRE KS Holdings GP, Inc. 0.01%
SRE Belle River LP Holdings LP <sup>1</sup>	Renewable energy development	23,680	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 99.99%, SRE Belle River GP Holdings Inc. 0.01%
SRE Armow EPC GP Inc. <sup>1</sup>	Renewable energy development	10	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE Armow EPC LP <sup>1</sup>	Renewable energy development	9	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 99.99%, SRE Armow EPC GP Inc. 0.01%
SRE Armow LP Holdings LP <sup>1</sup>	Renewable energy development	5,353	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 99.99%, SRE Wind GP Holdings, Inc. 0.01%

**Samsung C&T Corporation and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
**June 30, 2019 and 2018 (Unaudited) and December 31, 2018**

Subsidiaries	Primary business	Share capital (in millions of Korean won)	Number of outstanding shares	Number of shares		Ownership interest held by the Group (%)	Location	Ownership interest held by subsidiaries
				Samsung C&T Subsidiaries	Total			
SRE North Kent 1 LP Holdings LP <sup>1</sup>	Renewable energy development	₩ 19,873	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 99.99%, SRE North Kent 1 GP Holdings Inc. 0.01%
SRE Wind GP Holdings, Inc. <sup>1</sup>	Renewable energy development	124	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE North Kent 2 LP Holdings LP <sup>1</sup>	Renewable energy development	200	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 99.99%, SRE North Kent 2 GP Holdings Inc. 0.01%
SRE Solar Development GP Inc. <sup>1</sup>	Renewable energy development	9	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE Solar Development LP <sup>1</sup>	Renewable energy development	277	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 99.99%, SRE Solar Development GP Inc. 0.01%
SRE Windsor Holdings GP Inc. <sup>1</sup>	Renewable energy development	9	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE Southgate Holdings GP Inc. <sup>1</sup>	Renewable energy development	12	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE Solar Construction Management GP Inc. <sup>1</sup>	Renewable energy development	4	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE Solar Construction Management LP <sup>1</sup>	Renewable energy development	9	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 99.99%, SRE Solar Construction Management GP Inc. 0.01%
SRE Development GP Inc. <sup>1</sup>	Renewable energy development	7	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%

**Samsung C&T Corporation and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
**June 30, 2019 and 2018 (Unaudited) and December 31, 2018**

Subsidiaries	Primary business	Share capital (in millions of Korean won)	Number of outstanding shares	Number of shares		Ownership interest held by the Group (%)	Location	Ownership interest held by subsidiaries
				Samsung C&T Subsidiaries	Total			
SRE Development LP <sup>1</sup>	Renewable energy development	₩ 184	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 99.99%, SRE Development GP Inc. 0.01%
SRE BRW EPC GP Inc. <sup>1</sup>	Renewable energy development	5	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE BRW EPC LP <sup>1</sup>	Renewable energy development	9	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 99.99%, SRE BRW EPC GP Inc. 0.01%
SRE North Kent 1 GP Holdings Inc. <sup>1</sup>	Renewable energy development	20	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE North Kent 2 GP Holdings Inc. <sup>1</sup>	Renewable energy development	9	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE Belle River GP Holdings Inc. <sup>1</sup>	Renewable energy development	20	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE NK1 EPC GP Inc. <sup>1</sup>	Renewable energy development	5	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE NK1 EPC LP <sup>1</sup>	Renewable energy development	9	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 99.99%, SRE NK1 EPC GP Inc. 0.01%
SRE Summerside Construction GP Inc. <sup>1</sup>	Renewable energy development	1	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE Summerside Construction LP <sup>1</sup>	Renewable energy development	9	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 99.99%, SRE Summerside Construction GP Inc. 0.01%
Samsung Solar Energy LLC. <sup>1</sup>	Renewable energy development	8,996	-	-	-	100.00	U.S.A	Samsung C&T America, Inc. 100%

**Samsung C&T Corporation and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
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Subsidiaries	Primary business	Share capital (in millions of Korean won)	Number of outstanding shares	Number of shares		Ownership interest held by the Group (%)	Location	Ownership interest held by subsidiaries
				Samsung C&T Subsidiaries	Total			
Samsung Solar Energy 1 LLC. <sup>1</sup>	Renewable energy development	₩ 2,555	-	-	-	100.00	U.S.A	Samsung Solar Energy LLC. 100%
Samsung Solar Energy 2 LLC. <sup>1</sup>	Renewable energy development	6,134	-	-	-	100.00	U.S.A	Samsung Solar Energy LLC. 100%
Samsung Solar Energy 3 LLC. <sup>1</sup>	Renewable energy development	314	-	-	-	100.00	U.S.A	Samsung Solar Energy LLC. 100%
Samsung C&T Deutschland GmbH <sup>1</sup>	Trading	18,551	-	-	-	100.00	Germany	
Samsung C&T U.K. Ltd.	Trading	59,415	27,950,000	27,950,000	-	100.00	United Kingdom	
Samsung C&T ECUK Limited	Construction	27,814	19,033,000	19,033,000	-	100.00	United Kingdom	
Whesoo Engineering Limited	Industrial plant engineering	-	138	138	-	100.00	United Kingdom	
POSS-SLPC S.R.O. <sup>1</sup>	Production of steel products	5,967	-	-	-	70.00	Slovakia	Samsung C&T Deutschland GmbH 20%
Solluce Romania 1 B.V. <sup>1</sup>	Renewable energy development	33,517	-	-	-	100.00	Netherlands	Samsung C&T Deutschland GmbH 20%
Samsung C&T (KL) Sdn. Bhd.	Construction	3,870	1,000,000	1,000,000	-	100.00	Malaysia	
Samsung C&T Malaysia Sdn. Bhd.	Trading	6,002	15,000,000	15,000,000	-	100.00	Malaysia	
Samsung Chemtech VINA <sup>1</sup>	Trading	3,554	-	-	-	100.00	Vietnam	Samsung C&T Singapore Pte. Ltd. 48.33%
S-Print, Inc. <sup>1</sup>	Production of textile	2,245	-	-	-	80.00	Vietnam	Samsung C&T America, Inc. 24%, Samsung C&T Singapore Pte. Ltd. 16%

**Samsung C&T Corporation and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
**June 30, 2019 and 2018 (Unaudited) and December 31, 2018**

Subsidiaries	Primary business	Share capital (in millions of Korean won)	Number of outstanding shares	Number of shares		Ownership interest held by the Group (%)	Location	Ownership interest held by subsidiaries	
				Samsung C&T	Subsidiaries				Total
Samsung C&T (Thailand) Co., Ltd.	Trading	₩ 126	409,600	180,000	54,000	234,000	57.13	Thailand	Samsung C&T Hongkong Limited 13.18%
PT. Insam Batubara Energy	Wholesale and retail of coal	1,037	1,000,000	900,000	100,000	1,000,000	100.00	Indonesia	Samsung C&T Singapore Pte. Ltd. 10%
Samsung C&T India Private Ltd.	Construction	2,748	126,500,000	126,500,000	-	126,500,000	100.00	India	
Samsung C&T Corporation India Private Ltd.	Trading	3,455	16,500,001	16,500,001	-	16,500,001	100.00	India	
MSSC Sdn., Bhd.	Production of steel products	4,928	44,974	31,482	13,492	44,974	100.00	Malaysia	Samsung C&T Singapore Pte. Ltd. 30%
Samsung C&T Singapore Pte. Ltd.	Trading	35,574	34,000,000	34,000,000	-	34,000,000	100.00	Singapore	
S&G Bio Fuel Pte. Ltd.	Natural resources development	45,922	46,312,500	23,400,000	5,850,000	29,250,000	63.16	Singapore	Samsung C&T Singapore Pte. Ltd. 12.63%
PT Gandaerah Hendana	Natural resources development	11,320	100,000,000	-	95,000,000	95,000,000	60.00	Indonesia	S&G Bio Fuel Pte. Ltd. 95%
PT Inecda	Natural resources development	11,320	100,000,000	-	95,000,000	95,000,000	60.00	Indonesia	S&G Bio Fuel Pte. Ltd. 95%
SAMSUNG C&T Mongolia LLC. <sup>1</sup>	Construction	1,215	-	-	-	-	70.00	Mongolia	
Samsung C&T Eng. & Const. Mongolia LLC. <sup>1</sup>	Construction	598	-	-	-	-	100.00	Mongolia	
S&Woo Construction Philippines, Inc. <sup>2</sup>	Construction	239	9,400	9,400	-	9,400	100.00	Philippines	
SAMOO DESIGNERS & ENGINEERS INDIA PRIVATE LIMITED	Architectural design service	192	1,100,000	-	1,100,000	1,100,000	100.00	India	Samoo Architects & Engineers Co., Ltd. 100%

**Samsung C&T Corporation and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
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Subsidiaries	Primary business	Share capital (in millions of Korean won)	Number of outstanding shares	Number of shares		Ownership interest held by the Group (%)	Location	Ownership interest held by subsidiaries
				Samsung C&T Subsidiaries	Total			
SAMOO (KL) SDN. BHD.	Architectural design service	₩ 269	-	-	-	100.00	Malaysia	Samoo Architects & Engineers Co., Ltd. 100%
Samsung (Tianjin) International Trading Co., Ltd. <sup>1</sup>	Trading	382	-	-	-	100.00	China	Samsung C&T Hongkong Limited 100%
Samsung Trading (Shanghai) Co., Ltd. <sup>1</sup>	Trading	498	-	-	-	100.00	China	Samsung C&T Hongkong Limited 100%
Samsung C&T Hongkong Limited	Trading	47,849	61,483	61,483	-	100.00	Hong Kong	
Samsung C&T Taiwan Co., Ltd.	Trading	361	1,000,000	1,000,000	-	100.00	Taiwan	
Samsung Precision Stainless Steel (pinghu) Co., Ltd. <sup>1</sup>	Production of steel products	82,979	-	-	-	100.00	China	Samsung C&T Hongkong Limited 45%
Samsung C&T (Shanghai) Co., Ltd. <sup>1</sup>	Construction	11,066	-	-	-	100.00	China	
Samsung C&T (Xi'an) Co., Ltd. <sup>1</sup>	Construction	1,428	-	-	-	100.00	China	
Samsung C&T Corporation Saudi Arabia <sup>1</sup>	Construction	143,425	-	-	-	100.00	Saudi Arabia	
SAM Gulf Investment Limited	Investment	12	38,912	38,912	-	100.00	UAE	
Samsung C&T Chile Copper SpA	Natural resources development	12,918	11,535,517	11,535,517	-	100.00	Chile	
SCNT Power Kelar Inversiones LTDA.	Thermal power generation	42,705	100	100	-	100.00	Chile	
S.C. Otelinox S.A.	Production of stainless steel plates and poles	56,148	33,078,479	-	31,179,053	94.26	Romania	Samsung C&T Deutschland GmbH 94.26%
Samsung Corporation Rus LLC. <sup>1</sup>	Construction	6,303	-	-	-	100.00	Russia	

**Samsung C&T Corporation and Subsidiaries**  
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Subsidiaries	Primary business	Share capital (in millions of Korean won)	Number of outstanding shares	Number of shares		Ownership interest held by the Group (%)	Location	Ownership interest held by subsidiaries
				Samsung C&T Subsidiaries	Total			
Samsung BioLogics Co., Ltd. <sup>3</sup>	Biopharmaceutical products manufacturing	₩ 165,413	66,165,000	28,742,466	-	43.44	Korea	
Cheil Fashion Retail Co., Ltd.	Manufacturing and selling garments	10,000	2,000,000	2,000,000	-	100.00	Korea	
Natural 9 Co., Ltd.	Manufacturing and selling garments	10,000	2,000,000	1,020,000	-	51.00	Korea	
Cheil Industries Corp., USA	Manufacturing and selling garments	106	1	1	-	100.00	U.S.A	
Cheil Industries Italy S.R.L. <sup>1</sup>	Manufacturing and selling garments	8,813	-	-	-	100.00	Italy	
Colombo Via della Spiga S.R.L. <sup>1</sup>	Manufacturing and selling garments	144	-	-	-	100.00	Italy	Cheil Industries Italy S.R.L. 100%
Samsung Fashion Trading (Shanghai) Co., Ltd. <sup>1</sup>	Manufacturing and selling garments	65,993	-	-	-	100.00	China	
Samsung Welstory Inc.	Foodservice business	10,000	2,000,000	2,000,000	-	100.00	Korea	
Cheil Industries Inc. Vietnam Co., Ltd. <sup>1</sup>	Construction	1,143	-	-	-	100.00	Vietnam	
Weilstory Vietnam Co., Ltd. <sup>1</sup>	Foodservice business	10,007	-	-	-	90.00	Vietnam	Samsung Welstory Inc. 90%
Samsung C&T Corporation UEM Construction JV Sdn. Bhd.	Construction	205	750,000	450,000	-	60.00	Malaysia	
Shanghai Ever Hongjun Business Management Service Co., Ltd. <sup>1</sup>	Foodservice business	2,536	-	-	-	85.00	China	Samsung Welstory Inc. 85%
Shanghai Welstory Food Company Limited <sup>1</sup>	Foodservice business	4,861	-	-	-	70.00	China	Samsung Welstory Inc. 70%



**Samsung C&T Corporation and Subsidiaries**  
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**June 30, 2019 and 2018 (Unaudited) and December 31, 2018**

Subsidiaries	Primary business	Share capital (in millions of Korean won)	Number of outstanding shares	Number of shares		Ownership interest held by the Group (%)	Location	Ownership interest held by subsidiaries
				Samsung C&T Subsidiaries	Total			
Eight Seconds (Shanghai) Co., Ltd. <sup>1</sup>	Selling garments	₩ 19,434	-	-	-	100.00	China	Samsung Fashion Trading Co., Ltd. 100%
Eight Seconds (Shanghai) Trading Co., Ltd. <sup>1</sup>	Selling garments	10,525	-	-	-	100.00	China	Eight Seconds (Shanghai) Co., Ltd. 100%

<sup>1</sup> No share has been issued in accordance with the local laws and regulations.

<sup>2</sup> The Parent Company has de facto control to appoint or dismiss more than 50% of the members of Board of Directors although it has less than 50% ownership interest.

<sup>3</sup> Considering that the Parent Company holds significantly more voting rights than any other vote holders, the other shareholdings are widely dispersed, and taking into account the participation rate of previous shareholders' meetings and patterns to exercise voting rights, the Parent Company is deemed to have de facto control although it has less than 50% ownership interest.

**Samsung C&T Corporation and Subsidiaries**  
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(b) Summarized financial information of subsidiaries as at and for the six-month period ended June 30, 2019, is as follows:

(In millions of Korean won)

Subsidiaries	Total assets	Total liabilities	Revenue	Profit (loss) for the period	Total comprehensive income (loss)
Seoul Lakeside Co., Ltd.	₩ 614,832	₩ 284,750	₩ 24,160	₩ 3,974	₩ 3,974
Samoo Architects & Engineers Co., Ltd.	135,225	72,901	95,080	10,219	10,219
CVnet Corporation	41,311	18,536	39,267	1,699	1,699
Myodo Metal Co., Ltd.	103,906	96,141	66,900	(328)	251
Samsung C&T Japan Corporation	276,922	199,343	745,394	4,381	8,611
Samsung C&T America, Inc.	462,893	218,109	375,919	1,200	9,012
Samsung Renewable Energy, Inc.	167,008	11,029	-	115,448	114,731
Samsung Green Repower, LLC.	9,357	52	-	(2)	66
Samsung E&C America, Inc.	35,551	29,764	37,073	197	386
Samsung Solar Construction, Inc.	33	-	-	-	1
QSSC, S.A, de C.V.	97,898	86,745	91,239	351	716
Samsung C&T Oil & Gas Parallel Corp.	309,955	360,508	-	(3,530)	(12,368)
Parallel Petroleum LLC.	310,566	50,345	32,654	2,413	11,169
SRE GRW EPC GP, Inc.	1	-	-	-	-
SRE GRW EPC LP	44	-	-	(2)	2
SRE SKW EPC GP, Inc.	2	-	-	-	-
SRE SKW EPC LP	34	-	-	(2)	1
Samsung C&T Canada Ltd.	205,917	291,527	31,657	(96,709)	(98,497)
PLL Holdings LLC.	510,525	272,617	-	(2,707)	(11,741)
SRE GRW LP Holdings LP	15,978	-	-	3,952	5,565
SRE SKW LP Holdings LP	21,844	-	-	16,346	19,650
SRE WIND PA GP Inc.	4	-	-	-	1
SRE WIND PA LP	1,203	21	957	1,002	1,233
PLL E&P LLC.	6,584	5,300	636	(603)	(546)
SRE GRS Holdings GP Inc.	2	-	-	(2)	(2)
SRE GRS Holdings LP	1,648	-	-	16	132
SRE K2 EPC GP Inc.	1	-	-	-	-
SRE K2 EPC LP	861	-	-	9	70
SRE KS Holdings GP Inc.	9	-	-	(3)	(3)
SRE KS Holdings LP	2,117	-	-	119	229

**Samsung C&T Corporation and Subsidiaries**  
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Subsidiaries	Total assets	Total liabilities	Revenue	Profit (loss) for the period	Total comprehensive income (loss)
SRE Belle River LP Holdings LP	₩ 24,413	₩ -	₩ -	₩ 257	₩ 1,195
SRE Armow EPC GP Inc.	3	-	-	-	-
SRE Armow EPC LP	1,133	-	-	11	91
SRE Armow LP Holdings LP	43,608	-	-	10,282	11,702
SRE North Kent 1 LP Holdings LP	20,531	-	-	165	684
SRE Wind GP Holdings, Inc.	119	-	-	10	15
SRE North Kent 2 LP Holdings LP	23	-	-	(2)	(1)
SRE Solar Development GP Inc.	1	-	-	-	-
SRE Solar Development LP	204	-	-	(1)	14
SRE Windsor Holdings GP Inc.	5	-	-	(1)	(1)
SRE Southgate Holdings GP Inc.	3	-	-	(1)	(1)
SRE Solar Construction Management GP Inc.	1	-	-	-	-
SRE Solar Construction Management LP	88	-	-	9	61
SRE Development GP Inc.	3	-	-	-	-
SRE Development LP	56	-	-	(3)	1
SRE BRW EPC GP Inc.	3	-	-	1	1
SRE BRW EPC LP	1,000	-	-	65	391
SRE North Kent 1 GP Holdings Inc.	17	-	-	-	-
SRE North Kent 2 GP Holdings Inc.	2	-	-	-	-
SRE Belle River GP Holdings Inc.	17	-	-	-	-
SRE NK1 EPC GP Inc.	2	-	-	1	1
SRE NK1 EPC LP	889	-	-	55	331
SRE Summerside Construction GP Inc.	501,993	228,838	406,980	19,356	24,152
SRE Summerside Construction LP	-	-	-	-	-
Samsung Solar Energy LLC.	222	1	-	(1)	15
Samsung Solar energy 1 LLC.	9,004	-	-	(2)	14
Samsung Solar energy 2 LLC.	2,749	-	-	(1)	44
Samsung Solar energy 3 LLC.	4,985	-	-	(853)	(738)
Samsung C&T Deutschland GmbH	304	-	-	(2)	(10)
Samsung C&T U.K. Ltd.	34,054	18,541	70,085	337	730
Samsung C&T ECUK Limited	56,338	132,239	500	(21,828)	(23,285)
Whessoe Engineering Limited	1,811	8,404	4,939	(615)	(795)

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(In millions of Korean won)

Subsidiaries	Total assets	Total liabilities	Revenue	Profit (loss) for the period	Total comprehensive income (loss)
POSS-SLPC S.R.O.	₩ 36,395	₩ 24,196	₩ 34,722	₩ 88	₩ 421
Solluce Romania 1 B.V.	33,022	418	-	(37)	(47)
Samsung C&T (KL) Sdn. Bhd.	187,167	170,698	93,617	(1,896)	(1,254)
Samsung C&T Malaysia Sdn. Bhd.	8,715	5,406	6,564	318	425
Samsung Chemtech VINA	56,284	45,388	81,019	1,316	1,596
S-Print	10,234	12,497	11,918	536	461
Samsung C&T (Thailand) Co., Ltd.	40,496	28,737	35,281	1,637	2,557
PT. Insam Batubara Energy	14	2,120	-	(2)	(72)
Samsung C&T India Private Ltd.	170,953	161,712	147,251	2,014	2,387
Samsung C&T Corporation India Private Ltd.	2,424	2,242	1,357	(517)	(497)
MSSC Sdn.,Bhd.	27,382	20,959	31,126	335	552
Samsung C&T Singapore Pte. Ltd.	305,185	284,802	722,019	2,281	2,615
S&G Bio Fuel Pte. Ltd.	120,373	54,288	-	11,860	9,435
PT Gandaerah Hendana	26,426	25,750	15,381	1,341	2,599
PT Inecda	32,448	5,107	11,222	502	3,052
SAMSUNG C&T Mongolia LLC.	19,183	11,541	88	(26)	153
Samsung C&T Eng.&Const. Mongolia LLC.	28,139	8,275	1,123	3,439	3,795
S&Woo Construction Philippines, Inc.	5,879	5,649	(62)	(870)	(830)
SAMWOO DESIGNERS & ENGINEERS INDIA PRIVATE LIMITED	2,444	1,449	1,558	(82)	(35)
SAMOO (KL) SDN. BHD.	498	219	-	-	10
Samsung (Tianjin) International Trading Co., Ltd.	1,269	-	-	(1)	39
Samsung Trading (Shanghai) Co., Ltd.	33,532	16,918	108,247	(3,252)	(2,613)
Samsung C&T Hongkong Limited	278,513	162,892	1,369,571	(7,962)	(5,615)
Samsung C&T Taiwan Co., Ltd.	6,526	537	1,979	601	718
Samsung Precision Stainless Steel (Pinghu) Co., Ltd.	86,638	9,944	32,219	1,797	4,162
Samsung C&T (Shanghai) Co., Ltd.	48,919	12,392	73	(1,277)	(77)
Samsung C&T (Xi'an) Co., Ltd.	195,950	145,614	267,207	22,903	23,701
Samsung C&T Corporation Saudi Arabia	135,184	322,703	48,000	9,397	2,823
SAM Gulf Investment Limited	397	1,064	-	(597)	(605)
Samsung C&T Chile Copper SpA	6,440	-	-	(6)	209
SCNT Power Kelar Inversiones LTDA.	75,579	32,486	-	34	51

**Samsung C&T Corporation and Subsidiaries**  
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(In millions of Korean won)

Subsidiaries	Total assets	Total liabilities	Revenue	Profit (loss) for the period	Total comprehensive income (loss)
S.C. Otelinox S.A.	₩ 62,068	₩ 8,278	₩ 23,731	₩ 1,106	₩ 1,856
Samsung Corporation Rus LLC.	61,373	1,844	36,355	26,314	31,440
Samsung BioLogics Co., Ltd.	6,452,855	1,816,865	203,447	(62,702)	(62,816)
Cheil Fashion Retail Co., Ltd.	4,800	1,838	12,771	524	524
Natural 9 Co., Ltd.	759	69	116	(404)	(404)
Cheil Industries Corp., USA	597	20	607	15	34
Cheil Industries Italy S.R.L.	23,303	13,366	28,304	98	63
Colombo Via della Spiga S.R.L.	7,013	2,933	2,213	131	241
Samsung Fashion (Shanghai) Trading Co., Ltd.	75,409	58,273	77,860	(1,807)	(1,248)
Samsung Welstory Inc.	636,693	232,623	950,172	33,723	33,719
Cheil Industries Inc. Vietnam Co., Ltd.	3,136	1,910	31	(261)	(220)
Welstory Vietnam Co., Ltd.	30,414	15,078	47,424	790	1,206
Samsung C&T Corporation UEM Construction JV Sdn. Bhd.	121,097	242,446	102,518	(2,405)	(6,629)
Shanghai Ever Hongjun Business Management Service Co., Ltd.	13,358	6,430	35,392	1,683	1,844
Shanghai Welstory Food Company Limited	8,979	7,765	28,810	45	82
Eight Seconds (Shanghai) Co., Ltd.	4	-	-	(9)	(16)
Eight Seconds (Shanghai) Trading Co., Ltd.	2	-	-	5,034	5,034

<sup>1</sup> Intercompany transactions, balances, and unrealized gains and losses on transactions between the Group companies are not eliminated in the summarized financial information above. Also, shares in controlled subsidiaries and associates, accounted for under the equity method which the controlled subsidiaries own, are recognized at acquisition cost.

**Samsung C&T Corporation and Subsidiaries**  
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**1.3 Investments in Associates and Joint Ventures**

General information of associates and joint ventures as at June 30, 2019, is as follows (Note 12):

Associates	Primary business	Share capital (in millions of Korean won)	Number of outstanding shares	Number of shares		Ownership interest held by the Group (%)	Location
				Samsung C&T	Subsidiaries Total		
Dongducheon Dream Power Co., Ltd.	Integrated thermal power generation	₩ 344,755	76,225,515	24,026,500	-	24,026,500	Korea
Tianjin Eco-City Shengxing Development Co., Ltd. <sup>1</sup>	Property development	48,274	-	-	-	-	China
Qurayyah Investment Company <sup>1</sup>	Construction business	371,923	-	-	-	-	Saudi Arabia
Hanwha General Chemical Co., Ltd.	Petrochemical	554,714	42,500,410	8,522,679	-	8,522,679	Korea
Samsung Bioepis Co., Ltd. <sup>2</sup>	Research and development on medicine and pharmacy	103,419	20,683,705	-	10,341,853	10,341,853	Korea

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Joint ventures	Primary business	Share capital (in millions of Korean won)	Number of outstanding shares	Number of shares		Ownership interest held by the Group (%)	Location
				Samsung C&T	Subsidiaries Total		
Korea LNG Limited	Natural resources development	₩ 14	12,000	2,400	-	20.00	Bermuda
South Kent Wind LP <sup>1</sup>	Renewable energy development	12,333	-	-	-	49.99	Canada
SP Belle River LP <sup>1</sup>	Renewable energy development	43,971	-	-	-	42.49	Canada
Kelar S.A. <sup>1</sup>	Thermal power generation	120,733	-	-	-	35.00	Chile

<sup>1</sup> No share has been issued in accordance with the local laws and regulations.

<sup>2</sup> On June 29, 2018, Biogen Therapeutics Inc. exercised a call option that would allow Biogen Therapeutics Inc. to increase its ownership interest in Samsung Bioepis Co., Ltd., the investee of the Group, up to 50% minus one share. Accordingly, the Group's ownership interest decreased from 94.61% to 50% plus one share subsequent to the exercise. Although the Group owns more than 50% of the ownership interest in Samsung Bioepis Co., Ltd., it is classified as investments in associates because the Group cannot unilaterally control the activities of the Board and the decisions made on the shareholders' meeting in accordance with the composition of the Board of Directors under the shareholders' agreement and the quorum for resolution of the shareholders' meetings.

**Samsung C&T Corporation and Subsidiaries**  
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**1.4 Changes in Scope for Consolidation**

Subsidiaries newly included in the consolidation for the six-month period ended June 30, 2019:

Subsidiaries	Description
Samsung Solar Energy 3 LLC	Newly established

Subsidiary excluded from the consolidation for the six-month period ended June 30, 2019:

Subsidiary	Description
SCNT Power Norte S. de R.L. de C.V.	Disposal

**1.5 Information about Non-Controlling Interest**

Profit or loss allocated to non-controlling interests and accumulated non-controlling interests of subsidiaries that are material to the Group, is as follows:

Accumulated non-controlling interests of subsidiaries as at June 30, 2019 and December 31, 2018, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2019</b>		<b>December 31, 2018</b>	
Samsung BioLogics Co., Ltd.	₩	2,473,939	₩	2,513,827
Others		88,422		88,518
	₩	<u>2,562,361</u>	₩	<u>2,602,345</u>

Profit or loss attributed to the non-controlling interests for the three-month and six-month periods ended June 30, 2019 and 2018, are as follows:

<i>(in millions of Korean won)</i>	<b>2019</b>				<b>2018</b>			
	<b>Three months</b>		<b>Six months</b>		<b>Three months</b>		<b>Six months</b>	
Samsung BioLogics Co., Ltd.	₩	(12,769)	₩	(39,935)	₩	(17,648)	₩	(50,278)
Others		392		667		(11,260)		(6,913)
	₩	<u>(12,377)</u>	₩	<u>(39,268)</u>	₩	<u>(28,908)</u>	₩	<u>(57,191)</u>



**Samsung C&T Corporation and Subsidiaries**  
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Dividends paid to the non-controlling interests for the six-month periods June 30, 2019 and 2018, are as follows:

<i>(in millions of Korean won)</i>	<b>2019</b>		<b>2018</b>	
Parallel Petroleum LLC	₩	2,571	₩	7,755
Others		880		96
	₩	3,451	₩	7,851

Summarized financial information for each subsidiary with non-controlling interests that are material to the Group as at and for the six-month periods ended June 30, 2019 and 2018, is as follows. The subsidiary's financial information was prepared using equity method for their associates and joint ventures.

**Summarized Statement of Financial Position**

<i>(in millions of Korean won)</i>	<b>Samsung BioLogics Co., Ltd.</b>		
	<b>June 30,</b>	<b>December 31,</b>	
	<b>2019</b>	<b>2018</b>	
Current assets	₩	1,387,125	1,577,681
Non-current assets		4,669,081	4,656,017
Current liabilities		618,031	709,919
Non-current liabilities		1,064,947	1,079,030
Equity		4,373,228	4,444,748

**Summarized Statement of Comprehensive Income**

<i>(in millions of Korean won)</i>	<b>Samsung BioLogics Co., Ltd.</b>			
	<b>2019</b>		<b>2018</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Sales	₩	78,082	₩	203,447
Loss for the period		(22,576)		(70,607)
Other comprehensive income		94		36
Total comprehensive loss		(22,482)		(70,571)
			₩	125,430
			₩	261,331
				(31,202)
				(88,893)
				1,864
				1,650
				(29,338)
				(87,243)

**Samsung C&T Corporation and Subsidiaries**  
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**Summarized Statement of Cash Flows**

*(in millions of Korean won)*

	<b>Samsung BioLogics Co., Ltd.</b>	
	<b>2019</b>	<b>2018</b>
Cash flows from operating activities	₩ (63,699)	₩ (20,148)
Cash flows from investing activities	119,751	(592,736)
Cash flows from financing activities	(63,070)	342,691
Decrease in cash and cash equivalents	(7,018)	(270,193)
Cash and cash equivalents at the beginning of the period	17,622	358,088
Cash and cash equivalents at the end of the period	₩ 10,604	₩ 87,895

**Samsung C&T Corporation and Subsidiaries**  
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**2. Significant Accounting Policies**

The principal accounting policies applied in the preparation of these consolidated interim financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

**2.1 Basis of Preparation**

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

The Group's condensed consolidated interim financial statements for the six-month period ended June 30, 2019, have been prepared in accordance with Korean IFRS 1034 *Interim Financial Reporting*. These condensed consolidated interim financial statements have been prepared in accordance with Korean IFRS which is effective or early adopted as at June 30, 2019.

*(a) New and Amended Standards adopted by the Group*

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2019.

- Enactment of Korean IFRS 1116 *Leases*

Korean IFRS 1116 *Leases* replaces Korean IFRS 1017 *Leases*. Under Korean IFRS 1116, with implementation of a single lease model, lessee is required to recognize assets and liabilities for all lease which lease term is over 12 months and underlying assets are not low value assets. A lessee is required to recognize a right-of-use asset and a lease liability representing its obligation to make lease payments.

With implementation of Korean IFRS 1116 *Leases*, the Group has changed accounting policy. The Group has adopted Korean IFRS 1116 retrospectively, as permitted under the specific transitional provisions in the standard, and recognized the cumulative impact of initially applying the standard as at January 1, 2019, the date of initial application. The Group has not restated comparatives for the 2018 reporting period. The impact of the adoption of the leasing standard and the new accounting policies are disclosed in Note 32.

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- Amendments to Korean IFRS 1109 *Financial Instruments*

The narrow-scope amendments made to Korean IFRS 1109 *Financial Instruments* enable entities to measure certain prepayable financial assets with negative compensation at amortized cost. When a modification of a financial liability measured at amortized cost that does not result in the derecognition, a modification gain or loss shall be recognized in profit or loss. The amendment does not have a significant impact on the consolidated interim financial statements.

- Amendments to Korean IFRS 1019 *Employee Benefits*

The amendments require that an entity shall calculate current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement based on updated actuarial assumptions from the date of the change. The amendments also require that a reduction in a surplus must be recognized in profit or loss even if that surplus was not previously recognized because of the impact of the asset ceiling. The amendment does not have a significant impact on the consolidated interim financial statements.

- Amendments to Korean IFRS 1028 *Investments in Associates and Joint Ventures*

The amendments clarify that an entity shall apply Korean IFRS 1109 to financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. The amendment does not have a significant impact on the consolidated interim financial statements.

- Enactment to Interpretation of Korean IFRS 2123 *Uncertainty over Income Tax Treatments*

The Interpretation explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment, and includes guidance on how to determine whether each uncertain tax treatment is considered separately or together. It also presents examples of circumstances where a judgement or estimate is required to be reassessed. The enactment does not have a significant impact on the consolidated interim financial statements.

- Annual Improvements to Korean IFRS 2015 – 2017 Cycle:

· Korean IFRS 1103 *Business Combination*

The amendments clarify that when a party to a joint arrangement obtains control of a business that is a joint operation, and had rights to the assets and obligations for the liabilities relating to that joint operation immediately before the acquisition date, the transaction is a business combination achieved in stages. In such cases, the acquirer shall remeasure its entire previously held interest in the joint operation. The amendment does not have a significant impact on the consolidated interim financial statements.

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· Korean IFRS 1111 *Joint Agreements*

The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business. In such cases, previously held interests in the joint operation are not remeasured. The amendment does not have a significant impact on the consolidated interim financial statements.

· Paragraph 57A of Korean IFRS 1012 *Income Tax*

The amendment is applied to all the income tax consequences of dividends and requires an entity to recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. The amendment does not have a significant impact on the consolidated interim financial statements.

· Korean IFRS 1023 *Borrowing Costs*

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use (or sale), it becomes part of general borrowings. The amendment does not have a significant impact on the consolidated interim financial statements.

*(b) New standards and interpretations not yet adopted by the Group*

There is no new accounting standards and interpretations that have been published that are not mandatory for annual reporting period commencing January 1, 2019 and have not been early adopted by the Group.

**2.2 Significant Accounting Policies**

Significant accounting policies and method of computation used in the preparation of the consolidated interim financial statements are consistent with those of the consolidated financial statements for the year ended December 31, 2018, except for the changes due to the application of amendment and enactments of standards described in Note 2.1 and the ones described below.

**2.2.1 Income tax expense**

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

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**3. United States Dollar Amounts**

The Company and its domestic subsidiaries operate primarily in Korean won and their official accounting records are maintained in Korean won. The U.S. dollar amounts, provided herein, represent supplementary information solely for the convenience of the reader. All Korean won amounts, other than those in statements of comprehensive income, have been translated into U.S. dollars at the exchange rate of ₩ 1,156.80 to US\$ 1, while Korean won amounts in the statements of comprehensive income have been translated into U.S. dollars at the exchange rate of ₩ 1,145.44 to US\$ 1. Such presentation is not in accordance with generally accepted accounting principles in either the Republic of Korea or the United States, and should not be construed as a representation that the Korean won amounts shown could be readily converted, realized or settled in U.S. dollars at this or any other rate.

**4. Critical Accounting Estimates and Assumptions**

The preparation of financial statements requires the Group to make estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Significant accounting estimates and assumptions applied in the preparation of these consolidated interim financial statements are the same as those that applied to the annual consolidated financial statements for the year ended December 31, 2018, except for the estimates used to determine income tax expense, and accounting estimates and assumptions for implementation of Korean IFRS 1116 explained in Note 32.

Meanwhile, significant accounting estimates and assumptions related to construction contracts are addressed below. The accounting estimates and assumptions, and method of computation applied in the preparation of the consolidated interim financial statements are consistent with those applied in the preparation of the annual consolidated financial statements for the year ended December 31, 2018.

*- Uncertainty of the estimated total contract revenue*

Total contract revenue is measured based on contractual amount initially agreed. The contract revenue can be increased by additional contract work, claims and incentive payments in the course of construction, or decreased by the penalty when the completion of contract is delayed due to the Group's fault. Therefore, this measurement of contract revenue is affected by the uncertainty of the occurrence of future events. The change in contract revenue is recognized when it is probable that the customer will approve the increase in revenue due to the changes in contract work, or when it is probable that the Group will be able to satisfy the performance requirements, and the amount can be estimated reliably.

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*- Uncertainty of the estimated total contract revenue due to construction delay*

The measurement of contract revenue is affected by the uncertainty of the occurrence of future events. The contract revenue can be decreased by the claims of liquidated damages when the completion of contract is delayed due to the Group's fault. Therefore, the damage claims for the delay are estimated based on historical experience in case the completion date is expected to be delayed.

*- Uncertainty of the estimated total contract costs*

Construction revenue is recognized according to the percentage of completion, which is measured on the basis of the gross amount incurred to date. Total contract costs are estimated based on future estimates of material costs, labor costs, construction period and others.

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**5. Construction Contracts**

Details of recognized construction profit or loss for construction contracts for the six-month periods ended June 30, 2019 and 2018, are as follows:

<i>(in millions of Korean won)</i>	<b>2019</b>		<b>2018</b>	
Buildings	₩	4,586,384	₩	3,874,506
Infra		841,915		1,151,507
Plant		615,765		914,833
Landscaping		80,075		78,232
	₩	<u>6,124,139</u>	₩	<u>6,019,078</u>

As at June 30, 2019, the Group's remaining balance of construction contracts amounts to ₩ 23,924,458 million.

As at June 30, 2019, the Group has accumulated revenues and costs<sup>1</sup> on the ongoing construction projects amounting to ₩ 32,133,939 million and ₩ 30,086,516 million, respectively. As at June 30, 2019, the total accumulated revenues and costs<sup>1</sup> incurred on all construction projects, including those completed during the current period, are ₩ 36,911,553 million and ₩ 34,278,279 million, respectively.

<sup>1</sup> The accumulated revenues and costs include the accumulated revenues and costs of the former Samsung C&T Corporation prior to the merger.



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The account balances of outstanding construction contracts as at June 30, 2019 and December 31, 2018, are summarized as follows:

<i>(in millions of Korean won)</i>		June 30, 2019					December 31, 2018	
		Buildings	Infra	Plant	Landscaping	Total	Total	
Receivables	Receivables from construction contracts	₩ 2,194,159	₩ 196,532	₩ 94,684	₩ 33,913	₩2,519,288	₩ 2,565,112	
	Guarantee deposits	114,724	138,439	129,902	2	383,067	370,550	
	Long-term loans	148,869	-	-	-	148,869	146,790	
	Short-term loans	300,382	-	-	-	300,382	283,654	
Contract assets	Due from customer for construction work	383,996	224,277	287,528	20,123	915,924	826,463	
	Prepaid expenses	85,138	2,992	775	138	89,043	77,435	
Contract liabilities	Advances received	69,039	86,334	21,360	2,841	179,574	357,848	
	Due to customer for contract work	1,035,427	350,242	278,657	1,827	1,666,153	1,997,503	
Other assets	Advance payments	190,947	110,990	153,528	301	455,766	592,430	

The Group is provided with payment guarantees amounting to ₩ 7,687,181 million (December 31, 2018: ₩ 8,686,273 million), ₩ 701,515 million (December 31, 2018: ₩ 924,263 million), ₩ 17,027 million (December 31, 2018: ₩ 18,687 million), and ₩ 23,858 million (December 31, 2018: ₩ 18,921 million) from financial institutions, and Construction Guarantee Cooperative, Software Guarantee Cooperative, and Engineering Guarantee Cooperative, respectively, in relation to the construction performance and others.

As at June 30, 2019, construction sites are covered by construction work insurance amounting to ₩ 3,422,606 million with Samsung Fire & Marine Insurance Co., Ltd. and others.

The Group arranges housing finance for the members engaged in redevelopment and reconstruction projects that the Group manages. Advances on housing finance temporarily received but not executed amounts to ₩ 987,494 million. The Group has provided a joint guarantee limit of ₩ 3,559,200 million (balance of ₩ 3,274,700 million) with regard to the housing finance in accordance with the agreements with the relevant financial institutions.

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As at June 30, 2019 and December 31, 2018, information of each contract<sup>1</sup> where contract revenue for the six-month periods ended June 30, 2019 and 2018, is more than 5% of the previous year's revenues, is as follows:

(in millions of Korean won)

Contract Name <sup>1</sup>	Contract date	Contractual due date	Percentage of completion	Due from customers		Trade receivables (receivables from construction contracts)			
				Gross amount	Accumulated impairment loss	Gross amount	Provision for impairment		
Vietnam SDC Module 3	May. 2016	Nov. 2018	100.0%	₩	-	₩	-	₩	-
Pyeong-taek FAB 1 <sup>2</sup>	Apr. 2017	Jan. 2019	96.3%	-	-	-	-	-	-
Australia Westconnex Stage 1b (M4 East) <sup>2</sup>	Jun. 2015	Mar. 2019	99.6%	-	-	-	-	-	-
Hwaseong E-PJT	Nov. 2017	Oct. 2019	80.4%	-	-	184,547	-	-	-
Pyeong-taek FAB 2	Dec. 2017	Nov. 2019	79.0%	-	-	-	-	-	-
Singapore Changi Airport Pkg.1	Oct. 2015	Dec. 2019	85.4%	-	-	10,822	-	-	-
Algeria Naama	Feb. 2014	Feb. 2020	86.5%	-	-	38,846	-	-	-
Australia Westconnex Stage2 (M5 Main Tunnel)	Nov. 2015	Mar. 2020	84.7%	-	-	-	-	-	-
UAE nuclear power plant	Mar. 2010	Dec. 2020	89.3%	-	-	-	-	-	-
Saudi Riyadh Metro	Oct. 2013	Dec. 2020	83.7%	-	-	85,470	-	-	-
Algeria Mostaghanem	Feb. 2014	Apr. 2021	46.4%	-	-	12,417	-	-	-
Gangneung Anin coal-fired power plant	Feb. 2014	Mar. 2023	20.0%	130,885	-	4,998	-	-	-
Singapore Thomson East Coast Line T313	Mar. 2016	Feb. 2024	41.9%	42,027	-	-	-	-	-
India Mumbai DAICEC <sup>2</sup>	Dec. 2013	Dec. 2018	88.9%	28,565	-	40,862	-	-	-
Malaysia KL118 Tower	Nov. 2015	Dec. 2020	38.3%	52,707	-	-	-	-	-

<sup>1</sup> Construction projects that are practically completed as at June 30, 2019, are excluded.

<sup>2</sup> As at June 30, 2019, the contractual due dates have passed but the construction is still in process due to the customer's request for additional construction works. The Group is continuing the negotiation with the customer in relation to the extension of contractual due date.

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(in millions of Korean won)

Contract Name <sup>1</sup>	Contract date	Contractual due date	Percentage of completion	Due from customers		Trade receivables (receivables from construction contracts)	
				Gross amount	Accumulated impairment loss	Gross amount	Provision for impairment
Turkey Kirikkale CCPP	Oct. 2014	Jun. 2017	100.0%	₩ -	₩ -	₩ -	-
Saudi RABIGH 2 IPP	Nov. 2013	Feb. 2018	100.0%	-	-	501	-
Pyeong-taek P-PJT	May. 2015	Feb. 2018	100.0%	-	-	-	-
Qatar UHP IWPP	May. 2015	Jun. 2018	100.0%	11,153	-	-	-
Vietnam SDC Module 3 <sup>2</sup>	May. 2016	Nov. 2018	98.0%	-	-	-	-
Garak Siyoung Complex 1	Oct. 2015	Dec. 2018	100.0%	-	-	202,460	-
Pyeong-taek FAB 1	Apr. 2017	Jan. 2019	84.1%	-	-	269,182	-
Australia Westconnex Stage 1b (M4 East)	Jun. 2015	Mar. 2019	96.2%	2,329	-	10,528	-
Singapore Changi Airport Pkg.1	Oct. 2015	Jul. 2019	83.3%	13,791	-	27,499	-
Algeria Naama	Feb. 2014	Feb. 2020	77.4%	-	-	22,664	-
Australia Westconnex Stage2 (M5 Main Tunnel)	Nov. 2015	Mar. 2020	69.8%	-	-	21,271	-
UAE nuclear power plant	Mar. 2010	May. 2020	89.2%	1,219	-	1,384	-
Saudi Riyadh Metro	Oct. 2013	Dec. 2020	78.3%	10,744	-	22,118	-
Algeria Mostaghanem	Feb. 2014	Apr. 2021	41.7%	-	-	8,648	-
Gangneung Anin coal-fired power plant	Feb. 2014	Mar. 2022	10.9%	-	-	6,309	-
Singapore Thomson East Coast Line T313	Mar. 2016	Feb. 2024	35.5%	39,551	-	9,586	-
India Mumbai DAICEC	Dec. 2013	Dec. 2018	74.8%	73,290	-	49,634	-
Malaysia KL118 Tower	Nov. 2015	Dec. 2019	27.5%	41,797	-	50	-

<sup>1</sup> Construction projects that are practically completed as at December 31, 2018, are excluded.

<sup>2</sup> As at December 31, 2018, the contractual due dates have passed but the construction is still in process due to the customer's request for additional construction works. The Group is continuing the negotiation with the customer in relation to the extension of contractual due date.

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Details of major joint venture construction as at June 30, 2019, are as follows:

<i>(in millions of Korean won)</i>	<b>Total contract amount</b>	<b>Amount of the Group</b>	<b>Percentage of ownership</b>	<b>Representative company</b>
UAE nuclear power plant	₩ 7,177,578	₩ 3,229,910	45.00%	Hyundai Engineering & Construction Co., Ltd.
Saudi Riyadh Metro	9,396,955	2,654,640	28.25%	FCC
Australia Westconnex Stage2 (M5 Main Tunnel)	3,316,741	995,022	30.00%	CPB
Australia Westconnex Stage 1b (M4 East)	2,324,832	774,867	33.33%	CPB
Singapore Changi Airport Pkg.1	981,629	687,141	70.00%	Samsung C&T Corporation
Shin-Kori nuclear power plant #5, 6	1,309,478	667,834	51.00%	Samsung C&T Corporation
Hong Kong Metro SCLC1109	920,783	552,470	60.00%	Samsung C&T Corporation
Hong Kong, Tung Chung New Town reclamation	977,779	479,112	49.00%	BUILD KING
Bujeon-Masan DoubleTrack Electric Railway	426,123	303,312	71.18%	Samsung C&T Corporation
Suseo-Pyeongtaek High-speed Railway Area 5	305,742	275,168	90.00%	Samsung C&T Corporation
Hong Kong 3RS C3202	420,609	294,426	70.00%	Samsung C&T Corporation
Singapore TuasFinger1	799,092	223,746	28.00%	Hyundai Engineering & Construction Co., Ltd.
Malaysia KL118 Tower	1,578,222	946,933	60.00%	Samsung C&T Corporation
Canada Site C	1,717,706	858,853	50.00%	Acciona S.A.
United Kingdom Mersey Gateway	742,592	247,506	33.33%	FCC S.A & Kier
Saudi Tadawul Tower PJT	532,841	319,704	60.00%	Samsung C&T Corporation

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Changes in the estimated total contract revenue and estimated total contract costs by construction types for contracts in progress for the six-month period ended June 30, 2019, and its impact on the Group's profit or loss for the period and in the succeeding periods, changes in balances of due from customers for contract work, and provisions for construction losses are as follows:

(in millions of Korean won)

Construction type	Changes in estimated total contract revenue	Changes in estimated total contract costs	Impact on profit or loss for the period	Impact on profit or loss for the succeeding period	Changes in due from (to) customers for contract work	Provisions for construction losses
Buildings	₩ 2,059,031	₩ 1,615,287	₩ 359,814	₩ 83,930	₩ 359,814	₩ 92,373
Infra	238,534	517,235	(273,864)	(4,837)	(273,864)	96,274
Plant	155,209	117,398	(29,648)	67,459	(29,648)	37,389
Landscaping	2,982	554	7,488	(5,060)	7,488	-
	<u>₩ 2,455,756</u>	<u>₩ 2,250,474</u>	<u>₩ 63,790</u>	<u>₩ 141,492</u>	<u>₩ 63,790</u>	<u>₩ 226,036</u>

*Uncertainty of the estimated total contract revenue due to construction delay*

The measurement of contract revenue is affected by the uncertainty of the occurrence of future events. The contract revenue can be decreased by the claims of liquidated damages when the completion of contract is delayed due to the Group's fault. Therefore, the damage claims for the delay are estimated based on historical experience in case the completion date is expected to be delayed. The Group strives to minimize damage claims by requesting extension of the completion date from the customers, and by giving evidence that the construction delay is not attributable to the Group. The Group will also undertake measures not to bear the damage claims from the delay.

For the six-month period ended June 30, 2019, changes in provision for estimated warranty costs for the completed projects and provisions for construction losses from construction contract are as follows:

(in millions of Korean won)	Beginning	Increase	Decrease	Ending
Provision for construction warranties	₩ 180,538	₩ 17,654	₩ 12,661	₩ 185,531
Provision for construction losses	162,136	87,748	23,848	226,036

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**6. Inventories**

Inventories as at June 30, 2019 and December 31, 2018, consist of the following:

<i>(in millions of Korean won)</i>	June 30, 2019			December 31, 2018		
	Acquisition cost	Valuation allowance	Book amount	Acquisition cost	Valuation allowance	Book amount
Merchandise	₩ 680,244	₩ (54,818)	₩ 625,426	₩ 684,051	₩ (51,587)	₩ 632,464
Finished goods	418,508	(27,447)	391,061	373,299	(30,636)	342,663
Raw materials	278,641	(6,713)	271,928	262,932	(6,948)	255,984
Land held for housing projects	63,991	(612)	63,379	63,991	(612)	63,379
Materials-in-transit	249,646	-	249,646	178,520	-	178,520
Semi-finished goods and work-in-progress	131,803	(2,753)	129,050	115,343	(425)	114,918
Others	127,219	(596)	126,623	112,008	(635)	111,373
	<u>₩ 1,950,052</u>	<u>₩ (92,939)</u>	<u>₩ 1,857,113</u>	<u>₩ 1,790,144</u>	<u>₩ (90,843)</u>	<u>₩ 1,699,301</u>

**7. Financial Instruments by Category**

Details of financial instruments by category as at June 30, 2019 and December 31, 2018, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2019	December 31, 2018
Financial assets at fair value through profit or loss	₩ 643,897	₩ 719,510
Financial assets at fair value through other comprehensive income	20,557,569	17,948,400
Financial assets at amortized cost		
Cash and cash equivalents <sup>1</sup>	1,941,160	2,903,538
Short-term financial instruments	573,924	638,374
Trade receivables <sup>2</sup>	4,015,795	4,091,520
Other current assets	1,718,716	1,779,764
Other non-current assets <sup>3</sup>	647,951	627,763
Derivative instruments		
Held for trading	37,182	36,547
Hedging instruments	19,163	9,552
	<u>₩ 30,155,357</u>	<u>₩ 28,754,968</u>

<sup>1</sup> Cash and cash equivalents amounting to ₩ 818 million (December 31, 2018: ₩ 786 million) are subject to withdrawal restrictions in relation to termination of Mongolian railroad project.

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<sup>2</sup> Due from customer for contract work (contract assets net of contract liabilities) amounting to ₩ 879,020 million (December 31, 2018: ₩ 791,929 million) is excluded.

<sup>3</sup> Bank deposits amounting to ₩ 1,318 million (December 31, 2018: ₩ 256 million) are subject to withdrawal restrictions in relation to the Group's loan facility agreement, and ₩ 6,306 million (December 31, 2018: ₩ 2,934 million) is subject to withdrawal restrictions in relation to lease agreements.

<i>(in millions of Korean won)</i>	<b>June 30, 2019</b>	<b>December 31, 2018</b>
Liabilities at amortized cost		
Trade payables	₩ 1,884,796	₩ 1,685,645
Short-term borrowings	1,397,889	922,594
Current portion of long-term liabilities	965,016	1,893,832
Other current liabilities	4,197,417	4,309,932
Debentures and long-term borrowings	1,245,116	1,253,312
Other non-current liabilities	427,557	100,133
Derivative instruments		
Held for trading	32,720	16,331
Hedging instruments	2,636	3,220
Other liabilities		
Short-term borrowings	453,361	446,908
Financial guarantee liabilities	39,120	37,255
	<u>₩ 10,645,628</u>	<u>₩ 10,669,162</u>

Fair value of financial instruments is the same as book amount, except for those which do not have market prices in active market and whose fair value cannot be reliably measured.

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**8. Trade Receivables and Other Assets**

Trade receivables and other assets as at June 30, 2019 and December 31, 2018, are as follows:

(in millions of Korean won)

	June 30, 2019			December 31, 2018
	Gross amount	Provision for impairment	Net amount	Net amount
<b>Trade receivables</b>				
Financial instruments	₩ 4,173,699	₩ (157,904)	₩ 4,015,795	₩ 4,091,520
Due from customer for contract work	915,924	(36,904)	879,020	791,929
	<u>5,089,623</u>	<u>(194,808)</u>	<u>4,894,815</u>	<u>4,883,449</u>
<b>Other current assets</b>				
Financial instruments:				
Short-term loans	400,423	(96,524)	303,899	302,908
Current portion of long-term receivables	2,276	-	2,276	2,153
Non-trade receivables	705,909	(35,206)	670,703	739,655
Accrued income	214,323	(50,921)	163,402	180,906
Deposits	563,811	(8,075)	555,736	554,142
Finance lease receivables	22,700	-	22,700	-
Derivative instruments (current)	55,675	-	55,675	46,100
	<u>1,965,117</u>	<u>(190,726)</u>	<u>1,774,391</u>	<u>1,825,864</u>
Advance payments	750,780	(26,990)	723,790	814,825
Prepaid expenses	266,603	(26,920)	239,683	198,392
Prepaid corporate income tax	151,404	-	151,404	139,365
Others	20,069	-	20,069	27,952
	<u>3,153,973</u>	<u>(244,636)</u>	<u>2,909,337</u>	<u>3,006,398</u>
<b>Other non-current assets</b>				
Financial instruments:				
Long-term receivables	656,579	(280,893)	375,686	366,075
Long-term financial instruments	7,624	-	7,624	709
Deposits	255,975	(1,806)	254,169	250,508
Overseas natural resources development	33,237	(22,765)	10,472	10,472
Derivative instruments	669	-	669	-
	<u>954,084</u>	<u>(305,464)</u>	<u>648,620</u>	<u>627,764</u>
Others	138,697	-	138,697	125,259
	<u>1,092,781</u>	<u>(305,464)</u>	<u>787,317</u>	<u>753,023</u>
	<u>₩ 9,336,377</u>	<u>₩ (744,908)</u>	<u>₩ 8,591,469</u>	<u>₩ 8,642,870</u>



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	June 30, 2019			December 31, 2018
	Gross amount	Provision for impairment	Net amount	Net amount
Third party receivables	₩ 7,435,791	₩ (740,605)	₩ 6,695,186	₩ 6,615,984
Related party receivables	1,900,586	(4,303)	1,896,283	2,026,886
	<u>₩ 9,336,377</u>	<u>₩ (744,908)</u>	<u>₩ 8,591,469</u>	<u>₩ 8,642,870</u>

As at June 30, 2019, trade receivables amounting to ₩ 453,361 million (December 31, 2018: ₩ 446,908 million), which were transferred to financial institutions but have not matured yet, are recognized as trade receivables and collateralized borrowings, respectively, due to a recourse in the event the debtor fails to pay (Note 15).

The Group classifies its financial assets as at amortized cost only if both of the following criteria are met:

- the asset is held within a business model with the objective of collecting the contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding

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Changes in provision for impairment for the six-month periods ended June 30, 2019 and 2018, are as follows:

<i>(in millions of Korean won)</i>	<b>January 1, 2019</b>		<b>Impairment loss / reversal</b>		<b>Write-off</b>		<b>Others<sup>1</sup></b>		<b>June 30, 2019</b>	
<b>Trade receivables</b>	₩	196,554	₩	(2,325)	₩	-	₩	579	₩	194,808
<b>Other current assets</b>										
Financial instruments:										
Short-term loans		105,092		(8,301)		-		(267)		96,524
Non-trade receivables		37,677		(758)		(2,498)		785		35,206
Accrued income		47,056		3,838		-		27		50,921
Deposits		8,075		-		-		-		8,075
		<u>197,900</u>		<u>(5,221)</u>		<u>(2,498)</u>		<u>545</u>		<u>190,726</u>
Advance payments		26,123		835		-		32		26,990
Prepaid expenses		25,976		944		-		-		26,920
		<u>249,999</u>		<u>(3,442)</u>		<u>(2,498)</u>		<u>577</u>		<u>244,636</u>
<b>Other non-current assets</b>										
Financial instruments:										
Long-term receivables		265,104		5,703		(44)		10,130		280,893
Deposits		1,806		-		-		-		1,806
Overseas natural resources development		22,765		-		-		-		22,765
		<u>289,675</u>		<u>5,703</u>		<u>(44)</u>		<u>10,130</u>		<u>305,464</u>
	₩	<u>736,228</u>	₩	<u>(64)</u>	₩	<u>(2,542)</u>	₩	<u>11,286</u>	₩	<u>744,908</u>

<sup>1</sup> Others include exchange differences, consolidation adjustments and others.

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<i>(in millions of Korean won)</i>	January 1, 2018	Effect of Korean IFRS 1109 adoption	Impairment loss / reversal	Write-off	Others <sup>1</sup>	June 30, 2018
<b>Trade receivables</b>	₩ 180,528	₩ -	₩ (1,659)	₩ (119)	₩ 532	₩ 179,282
<b>Other current assets</b>						
Financial instruments:						
Short-term loans	97,459	-	13,557	-	-	111,016
Non-trade receivables	21,970	-	(272)	-	366	22,064
Accrued income	44,389	-	5,992	-	30	50,411
Deposits	13,161	-	(513)	-	-	12,648
	<u>176,979</u>	<u>-</u>	<u>18,764</u>	<u>-</u>	<u>396</u>	<u>196,139</u>
Advance payments	26,336	-	(252)	-	42	26,126
Prepaid expenses	173,756	(117,597)	(266)	-	205	56,098
	<u>377,071</u>	<u>(117,597)</u>	<u>18,246</u>	<u>-</u>	<u>643</u>	<u>278,363</u>
<b>Other non-current assets</b>						
Financial instruments:						
Long-term receivables	219,018	-	(159)	-	81	218,940
Deposits	875	-	931	-	-	1,806
Overseas natural resources development	22,765	-	-	-	-	22,765
	<u>242,658</u>	<u>-</u>	<u>772</u>	<u>-</u>	<u>81</u>	<u>243,511</u>
	<u>₩ 800,257</u>	<u>₩ (117,597)</u>	<u>₩ 17,359</u>	<u>₩ (119)</u>	<u>₩ 1,256</u>	<u>₩ 701,156</u>

<sup>1</sup> Others include exchange differences, consolidation adjustments and others.

Impairment losses from trade receivables and other receivables are included in selling and administrative expenses, and other operating expenses, respectively, in the consolidated statement of comprehensive income. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

As at June 30, 2019 and December 31, 2018, fair values of trade receivables, other current assets and other non-current assets are equal to their book amount. The maximum exposure of trade and other receivables to credit risk is the book amount of each class of receivables mentioned above.

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**9. Other Liabilities**

Details of other liabilities as at June 30, 2019 and December 31, 2018, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2019</b>	<b>December 31, 2018</b>
<b>Other current liabilities</b>		
Financial instruments:		
Non-trade payables	₩ 959,422	₩ 1,083,462
Accrued expenses	1,282,515	1,256,593
Guarantee deposits received	853,954	846,227
Lease liabilities (Note 32)	114,033	-
Advances received related to housing business	987,494	1,123,650
	<u>4,197,418</u>	<u>4,309,932</u>
Other financial instruments:		
Derivative instruments	35,355	19,361
Finance guarantee contract	39,120	37,255
	<u>74,475</u>	<u>56,616</u>
Advances received	2,105,835	2,721,801
Withholdings	287,016	322,199
Provisions	330,137	121,314
Others	62,352	60,401
	<u>7,057,233</u>	<u>7,592,263</u>
<b>Other non-current liabilities</b>		
Financial instruments:		
Long-term non-trade payables	78,999	83,761
Leasehold deposits received	16,350	16,372
Long-term lease liabilities (Note 32)	332,208	-
	<u>427,557</u>	<u>100,133</u>
Derivative instruments	-	190
Long-term unearned revenue	94,834	77,315
Contingent liabilities	15,729	15,729
	<u>538,120</u>	<u>193,367</u>
	<u>₩ 7,595,353</u>	<u>₩ 7,785,630</u>

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**10. Contract Assets and Liabilities**

The Group has recognized the following revenue-related contract assets and liabilities:

<i>(in millions of Korean won)</i>	<b>June 30, 2019</b>		<b>December 31, 2018</b>	
Contract assets relating to construction contracts - due from customers	₩	915,924	₩	826,463
Assets recognized for costs to fulfill contracts		205,893		174,014
Total contract assets		<u>1,121,817</u>		<u>1,000,477</u>
Contract liabilities relating to construction contracts - advances received for construction contracts		179,574		357,848
Contract liabilities relating to construction contracts - due to customers		1,666,153		1,997,503
Contract liabilities relating to customer loyalty program - advances received		18,122		19,107
Contract liabilities relating to subscription sales - advances received and unearned revenue		165,389		135,104
Total contract liabilities	₩	<u>2,029,238</u>	₩	<u>2,509,562</u>

Contract assets and contract liabilities for the construction contracts change significantly depending on the percentage of completion. Unsatisfied portion of the contract liabilities are expected to be recognized based on the percentage of completion until the contracts are terminated. Other contract liabilities are expected to be recognized as revenue when the performance obligations for customers are completed.

Assets recognized for costs to fulfill contracts are costs incurred directly to fulfill construction contracts with fixed-price, while indirect costs were recognized as selling and administrative expenses for the six-month period ended June 30, 2019. The assets recognized are amortized over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue.

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**11. Financial Assets Measured at Fair Value**

*(a) Financial Assets at Fair Value through Profit or Loss*

Changes in financial assets at fair value through profit or loss for the six-month periods ended June 30, 2019 and 2018, are as follows:

<i>(in millions of Korean won)</i>	<b>2019</b>		<b>2018</b>	
Beginning balance	₩	719,510	₩	24,439
Acquisition		763,427		390,109
Disposal		(920,545)		(104)
Transfer and others		81,306		44,603
Gain on valuation		199		-
Ending balance	₩	<u>643,897</u>	₩	<u>459,047</u>

Details of financial assets at fair value through profit or loss as at June 30, 2019 and December 31, 2018, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2019</b>		<b>December 31, 2018</b>	
<b>Non-current</b>				
Equity instruments				
Domestic listed equities	₩	1	₩	1
Foreign non-listed equities		125,986		125,045
Debt instruments				
Beneficiary certificates		149		149
SOC shares		90,020		6,692
Contributions and others		47,741		47,542
		<u>263,897</u>		<u>179,429</u>
<b>Current</b>				
Beneficiary certificates		380,000		540,081
		<u>380,000</u>		<u>540,081</u>
	₩	<u>643,897</u>	₩	<u>719,510</u>

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Details of financial assets at fair value through profit or loss as at June 30, 2019 and December 31, 2018, are as follows:

(in millions of Korean won)	June 30, 2019				December 31, 2018	
	Number of shares owned	Percentage of ownership (%)	Acquisition cost	Net asset value or fair value	Book amount	Book amount
ACWA GUC <sup>1</sup>	767,999	10.00	₩ 9,106	₩ -	₩ -	₩ -
Smart Rail Co.,Ltd. <sup>1</sup>	1,338,440	4.09	6,692	6,692	6,692	6,692
Badaro No.19 Ship Investment Company	750,000	4.93	3,023	2,250	2,250	2,171
MMF	-	-	380,000	380,000	380,000	540,081
POSCO INDIA CHENNAI STEEL PROCESSING CENTRE PVT.LTD. and others <sup>2</sup>	-	-	263,660	254,955	254,955	170,566
			<u>₩ 662,481</u>	<u>₩ 643,897</u>	<u>₩ 643,897</u>	<u>₩ 719,510</u>

<sup>1</sup> Investments in ACWA GUC (acquisition cost: ₩ 9,106 million) and Smart Rail Co., Ltd. (acquisition cost: ₩ 6,692 million), which were classified as financial assets at fair value through profit or loss, are pledged as collateral against borrowings of investees.

<sup>2</sup> Cooperative contributions classified as financial assets at fair value through profit or loss are pledged as collateral in relation to construction payment guarantees (acquisition cost of ₩ 42,084 million).

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*(b) Financial Assets at Fair Value through Other Comprehensive Income*

Changes in financial assets at fair value through other comprehensive income for the six-month periods ended June 30, 2019 and 2018, are as follows:

<i>(in millions of Korean won)</i>	<b>2019</b>		<b>2018</b>	
Beginning balance	₩	17,948,400	₩	23,204,733
Acquisition		-		2,030
Disposal		(17,608)		(890)
Transfer and others		(80,163)		(43,883)
Gain (loss) on valuation		2,706,940		(2,247,092)
Ending balance	₩	<u>20,557,569</u>	₩	<u>20,914,898</u>

Details of financial assets at fair value through other comprehensive income as at June 30, 2019 and December 31, 2018, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2019</b>		<b>December 31, 2018</b>	
Equity instruments				
Listed equities	₩	20,388,165	₩	17,681,661
Non-listed equities		168,908		266,133
Debt instruments		496		606
	₩	<u>20,557,569</u>	₩	<u>17,948,400</u>
Current portion	₩	123	₩	151
Non-current portion		20,557,446		17,948,249



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Details of listed equities, including preferred shares, measured at financial assets at fair value through other comprehensive income as at June 30, 2019 and December 31, 2018, are as follows:

(in millions of Korean won)

	June 30, 2019				December 31, 2018	
	Number of shares owned	Percentage of ownership (%)	Acquisition cost	Market value	Book amount	Book amount
Samsung Electronics Co., Ltd.	298,818,100	4.4	₩ 6,484,353	₩14,044,451	₩14,044,451	₩ 11,564,260
Samsung Life Insurance Co., Ltd.	38,688,000	19.34	34,819	3,234,317	3,234,317	3,156,941
Samsung SDS Co., Ltd.	13,215,822	17.08	3,396,466	2,841,402	2,841,402	2,696,028
Samsung Heavy Industries Co., Ltd. and others	-	-	201,933	267,995	267,995	264,432
			<u>₩10,117,571</u>	<u>₩20,388,165</u>	<u>₩20,388,165</u>	<u>₩ 17,681,661</u>

Details of non-listed equities measured at financial assets at fair value through other comprehensive income as at June 30, 2019 and December 31, 2018, are as follows:

(in millions of Korean won)

	June 30, 2019				December 31, 2018	
	Number of shares owned	Percentage of ownership (%)	Acquisition cost	Book amount	Book amount	Book amount
<b>Domestic Companies</b>						
HAN ALL Co., Ltd.	-	-	₩ -	₩ -	₩ -	₩ 14,867
SECUI Co., Ltd.	1,000,000	8.7	500	14,396	14,396	14,396
The Korea Economic Daily Samsung Economics Research Institute	1,187,563	6.35	7,095	11,462	11,462	11,462
YOUNGJIN Global Co., Ltd. and others	120,000	1	903	903	903	903
	-	-	<u>32,931</u>	<u>18,001</u>	<u>18,338</u>	
			<u>41,429</u>	<u>44,762</u>	<u>59,966</u>	
<b>Overseas Companies</b>						
Korea Ras laffan LNG Ltd.	2,783,333	10	80,279	80,780	80,780	80,780
iMaketAsia Co., Ltd.	772,657	19.32	8,941	21,267	21,267	21,267
Samsung SDI (Hongkong) Limited	5,500,000	2.44	4,477	4,477	4,477	4,477
Samsung SDI America, Inc. and others	-	-	17,612	17,622	99,643	99,643
			<u>111,309</u>	<u>124,146</u>	<u>206,167</u>	
			<u>₩ 152,738</u>	<u>₩ 168,908</u>	<u>₩ 266,133</u>	

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Changes in gain or loss on valuation of financial assets at fair value through other comprehensive income for the six-month period ended June 30, 2019, recorded as other component of equity, consist of the following:

<i>(in millions of Korean won)</i>	<b>Balance at January 1, 2019</b>	<b>Change for the period</b>	<b>Income tax allocated</b>	<b>Balance at June 30, 2019</b>
Gain (loss) on valuation of financial assets at fair value	₩ 4,887,296	₩ 2,706,940	₩ (717,754)	₩ 6,876,482

Upon disposal of these equity investments, any balance in the accumulated other comprehensive income for these equity investments is reclassified to retained earnings and is not reclassified to profit or loss.

As at June 30, 2019 and December 31, 2018, debt instruments at fair value through other comprehensive income are as follows and the contractual cash flows under the instruments solely represent payments of principal and interest.

<i>(in millions of Korean won)</i>	<b>June 30, 2019</b>	<b>December 31, 2018</b>
Current portion		
Government bonds	₩ 123	₩ 151
Non-current portion		
Government bonds	373	455
	<u>₩ 496</u>	<u>₩ 606</u>

Upon disposal of these debt investments, any balance in the accumulated other comprehensive income for these debt investments is reclassified to profit or loss.

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**12. Investments in Associates and Joint Ventures**

Details of investments in associates and joint ventures as at June 30, 2019 and December 31, 2018, are as follows (Note 1.3):

(in millions of Korean won)

	Location	Percentage of ownership(%)	June 30, 2019			December 31, 2018		
			Acquisition cost	Net assets	Book amount	Acquisition cost	Net assets	Book amount
<b>Associates</b>								
Dongducheon Dream Power Co., Ltd. <sup>2</sup>	Korea	31.52	₩ 115,456	₩ 90,917	₩ 38,321	₩ 115,456	₩ 90,276	₩ 37,680
Tianjin Eco-City Shengxing Development Co., Ltd.	China	40.00	10,968	12,870	10,636	10,968	12,382	10,147
KST POWER NORTE S.A. DE C.V.	Mexico	-	-	-	-	6,229	26,500	25,285
Hanwha General Chemical Co., Ltd.	Korea	20.05	274,900	633,756	631,049	274,900	604,930	601,676
Samsung Bioepis Co., Ltd. <sup>3</sup>	Korea	50.00	2,868,389	221,914	2,491,151	2,868,389	201,067	2,494,952
Others <sup>4</sup>			149,509	216,913	154,984	142,593	206,915	144,895
			<u>3,419,222</u>	<u>1,176,370</u>	<u>3,326,141</u>	<u>3,418,535</u>	<u>1,142,070</u>	<u>3,314,635</u>
<b>Joint ventures</b>								
Korea LNG Limited	Bermuda	20.00	83,507	46,510	46,510	83,507	38,861	38,861
South Kent Wind LP	Canada	49.99	69,311	(2,824)	51,582	69,311	6,946	63,258
SP Belle River LP	Canada	42.49	17,421	23,532	20,643	21,126	26,173	23,201
Kelar S.A.	Chile	35.00	40,026	40,747	49,267	40,026	34,659	42,084
Others			216,905	222,591	147,762	201,378	238,856	145,932
			<u>427,170</u>	<u>330,556</u>	<u>315,764</u>	<u>415,348</u>	<u>345,495</u>	<u>313,336</u>
			<u>₩ 3,846,392</u>	<u>₩ 1,506,926</u>	<u>₩ 3,641,905</u>	<u>₩ 3,833,883</u>	<u>₩ 1,487,565</u>	<u>₩ 3,627,971</u>

<sup>1</sup> The investments in associates and joint ventures are all non-listed.

<sup>2</sup> As at June 30, 2019, investments in Dongducheon Dream Power Co., Ltd., (Acquisition cost: ₩ 115,456 million), are pledged as collateral to a financial institution against the borrowings (total borrowing limit of ₩ 1,285,000 million) of Dongducheon Dream Power Co., Ltd. In addition, the Group provides fund supplement commitment on expected working capital deficit of Dongducheon Dream Power Co., Ltd. up to ₩ 18,800 million (Note 28).

<sup>3</sup> On June 29, 2018, Biogen Therapeutics Inc. exercised a call option that would allow Biogen Therapeutics Inc. to increase its ownership interest in Samsung BioEpi Co., Ltd., the investee of the Group, up to 50% minus one share. Accordingly, the Group's ownership interest decreased from 94.61% to 50% plus one share subsequent to the exercise. Although the Group owns more than 50% of the ownership interest in Samsung BioEpi Co., Ltd., it is classified as investments in associates because the Group cannot unilaterally control the activities of the Board and the decisions made on the shareholders' meeting in accordance with the composition of the Board of Directors under the shareholders' agreement and the quorum for resolution of the shareholders' meetings.

<sup>4</sup> Investments in Gaziantep SPV (acquisition cost: ₩ 9,551 million), Rabigh 2 Investment Company (acquisition cost: ₩ 373 million) and Qurayyah Investment Company (acquisition cost: ₩ 52,215 million), are pledged as collateral against borrowings of investees (Note 28).

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Changes in investments in associates and joint ventures for the six-month periods ended June 30, 2019 and 2018, are as follows:

<i>(in millions of Korean won)</i>	<b>2019</b>		<b>2018</b>	
Beginning balance	₩	3,627,971	₩	5,741,754
Effect of Korean IFRS 1115 adoption		-		(34,216)
Acquisition		25,626		10,712
Disposal and others		(32,050)		(5,045)
Share of profit (loss)		66,154		(51,522)
Transfer		(555)		(2,246,100)
Others <sup>1</sup>		(45,241)		(17,258)
Ending balance	₩	<u>3,641,905</u>	₩	<u>3,398,325</u>

<sup>1</sup>Others include dividends, exchange differences, and others.

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Summarized financial information of major associates and joint ventures, including dividends received by the Group, as at and for the six-month period ended June 30, 2019, is as follows:

	Summarized financial information									
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Non-controlling interests	Revenue	Profit (loss) for the period	Other comprehensive income (loss)	Total comprehensive income (loss)	Dividends received
<b>Associates</b>										
Dongducheon Dream Power Co., Ltd.	₩ 97,969	₩1,357,319	₩ 160,748	₩1,038,220	₩ -	₩ 303,037	₩ (6,024)	₩ -	₩ (6,024)	₩ -
Tianjin Eco-City Shengxing Development Co., Ltd.	33,373	-	1,198	-	-	-	209	-	209	-
Hanwha General Chemical Co., Ltd.	1,070,818	2,564,243	391,351	83,334	-	728,734	140,324	3,465	143,789	-
Samsung Bioepis Co., Ltd. <sup>1</sup>	1,424,736	581,288	1,320,329	241,866	-	351,020	41,666	28	41,694	-
<b>Joint ventures</b>										
Korea LNG Limited	868	231,812	2	130	-	40,613	39,529	31,092	70,621	7,869
South Kent Wind LP	25,881	517,107	27,791	520,846	-	62,867	28,514	(16,431)	12,083	15,877
SP Belle River LP	9,246	259,645	11,482	202,026	-	18,946	6,679	(8,458)	(1,779)	-
Kelar S.A.	90,829	586,519	77,074	483,854	-	38,892	6,778	8,145	14,923	-

<sup>1</sup> Based on consolidated financial information.

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Summarized financial information of major associates and joint ventures, including dividends received by the Group, as at December 31, 2018, and for the six-month period ended June 30, 2018, is as follows:

	Summarized financial information									
	December 31, 2018					2018				
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Non-controlling interests	Revenue	Profit (loss) for the period	Other comprehensive income (loss)	Total comprehensive income (loss)	Dividends received
<b>Associates</b>										
Dongducheon Dream Power Co., Ltd.	₩ 100,133	₩1,401,459	₩ 193,457	₩1,053,622	₩ -	₩ 344,159	₩ (15,292)	₩ -	₩ 15,292	₩ -
Tianjin Eco-City Shengxing Development Co., Ltd.	32,530	-	1,575	-	-	-	230	-	230	-
KST POWER NORTE S.A. DE C.V.	95,667	440,141	40,239	417,629	-	61,718	5,109	555	5,664	-
Hanwha General Chemical Co., Ltd.	1,075,205	2,430,377	412,608	76,344	-	646,861	262,396	1,650	264,046	-
Samsung Bioepis Co., Ltd. <sup>1</sup>	1,332,992	564,199	1,229,279	265,777	-	159,370	(58,558)	(41)	(58,599)	-
<b>Joint ventures</b>										
Korea LNG Limited	712	193,701	5	105	-	26,855	26,036	7,019	33,055	5,247
South Kent Wind LP	30,347	486,566	27,721	475,297	-	62,464	30,481	5,915	36,396	15,053
SP Belle River LP	12,299	245,826	10,134	186,393	-	17,267	5,652	1,634	7,286	-
Kelar S.A.	78,591	557,105	68,997	467,674	-	35,727	5,640	-	5,640	-

<sup>1</sup> Based on consolidated financial information.

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Reconciliation of financial information to book amount of the major investments in associates and joint ventures as at June 30, 2019 and December 31, 2018, is as follows:

(in millions of Korean won)

	June 30, 2019					
	Net assets	Percentage of ownership (%)	Share in net assets	Difference between the cost of the investment and share in the investee's equity	Intragroup transactions	Book amount
<b>Associates</b>						
Dongducheon Dream Power Co., Ltd. <sup>1</sup>	₩ 256,320	31.52	₩ 90,917	₩ (29,702)	₩ (22,894)	₩ 38,321
Tianjin Eco-City Shengxing Development Co., Ltd.	32,176	40.00	12,870	(2,234)	-	10,636
Hanwha General Chemical Co., Ltd.	3,160,376	20.05	633,756	(4,149)	1,442	631,049
Samsung Bioepis Co., Ltd.	443,829	50.00	221,914	2,324,644	(55,407)	2,491,151
<b>Joint ventures</b>						
Korea LNG Limited	232,548	20.00	46,510	-	-	46,510
South Kent Wind LP	(5,648)	49.99	(2,824)	62,069	(7,663)	51,582
SP Belle River LP	55,383	42.49	23,532	-	(2,889)	20,643
Kelar S.A.	116,420	35.00	40,747	7,390	1,130	49,267

<sup>1</sup> Since the disproportionate capital increase by the other investor was classified as financial liabilities, the Group applied 35% of ownership interest when calculating share of profit or loss of the associate.

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(in millions of Korean won)

		December 31, 2018				
		Percentage of ownership (%)	Share in net assets	Difference between the cost of the investment and share in the investee's equity	Intragroup transactions	Book amount
Net assets						
<b>Associates</b>						
Dongducheon Dream Power Co., Ltd. <sup>1</sup>	₩ 254,513	31.52	₩ 90,276	₩ (29,702)	₩ (22,894)	₩ 37,680
Tianjin Eco-City Shengxing Development Co., Ltd.	30,955	40.00	12,382	(2,235)	-	10,147
KST POWER NORTE S.A. DE C.V.	77,940	34.00	26,500	-	(1,215)	25,285
Hanwha General Chemical Co., Ltd.	3,016,630	20.05	604,930	(3,254)	-	601,676
Samsung Bioepis Co., Ltd.	402,134	50.00	201,067	2,334,588	(40,703)	2,494,952
<b>Joint ventures</b>						
Korea LNG Limited	194,304	20.00	38,861	-	-	38,861
South Kent Wind LP	13,895	49.99	6,946	64,173	(7,861)	63,258
SP Belle River LP	61,598	42.49	26,173	-	(2,972)	23,201
Kelar S.A.	99,025	35.00	34,659	7,390	35	42,084

<sup>1</sup> Since the disproportionate capital increase by the other investor was classified as financial liabilities, the Group applied 35% of ownership interest when calculating share of profit or loss of the associate.



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**13. Property, Plant and Equipment, and Intangible Assets**

Changes in property, plant and equipment for the six-month periods ended June 30, 2019 and 2018, are as follows:

	2019				Total
	Land	Buildings and structures	Animals & plants	Others	
<b>Beginning balance</b>					
Acquisition cost	₩ 1,765,847	₩ 2,445,589	₩ 70,112	₩ 2,311,017	₩ 101,085
Accumulated impairment and depreciation	(11,597)	(669,005)	(8,365)	(968,596)	(8,953)
Beneficiary's share of construction cost	-	-	-	(2,730)	-
	1,754,250	1,776,584	61,747	1,339,691	92,132
<b>Changes during the year</b>					
Acquisition	754	3,444	1,216	46,778	83,609
Disposal and others	(79)	(324)	(14)	(7,690)	-
Depreciation	-	(34,165)	(1,223)	(103,894)	-
Transfer	1,417	12,196	12	85,343	(101,795)
Impairment	-	-	-	-	-
Others <sup>1</sup>	474	(2,363)	2,084	4,398	1,508
<b>Ending balance</b>	₩ 1,756,816	₩ 1,755,372	₩ 63,822	₩ 1,364,626	₩ 75,454
Acquisition cost	₩ 1,768,413	₩ 2,464,129	₩ 73,453	₩ 2,427,180	₩ 84,407
Accumulated impairment and depreciation	(11,597)	(708,757)	(9,631)	(1,059,958)	(8,953)
Beneficiary's share of construction cost	-	-	-	(2,596)	-
	₩ 1,756,816	₩ 1,755,372	₩ 63,822	₩ 1,364,626	₩ 75,454

<sup>1</sup> Others include exchange differences, changes in scope of consolidation and others.

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	2018					
	Land	Buildings and structures	Animals & plants	Others	Construction in progress	Total
<b>Beginning balance</b>						
Acquisition cost	₩ 1,833,890	₩ 2,361,047	₩ 69,108	₩ 1,952,215	₩ 288,863	₩ 6,505,123
Accumulated impairment and depreciation	(7,349)	(624,151)	(6,429)	(878,268)	-	(1,516,197)
Beneficiary's share of construction cost	-	-	-	(2,982)	-	(2,982)
	1,826,541	1,736,896	62,679	1,070,965	288,863	4,985,944
<b>Changes during the year</b>						
Acquisition	-	8,698	1,035	53,746	149,017	212,496
Disposal and others	(65,223)	(22,259)	(27)	(15,767)	(183)	(103,459)
Depreciation	-	(36,538)	(1,175)	(95,581)	-	(133,294)
Transfer	-	4,056	78	13,226	(25,009)	(7,649)
Impairment	(4,249)	-	-	-	-	(4,249)
Others <sup>1</sup>	536	4,863	(458)	44,864	(7,858)	41,947
<b>Ending balance</b>	₩ 1,757,605	₩ 1,695,716	₩ 62,132	₩ 1,071,453	₩ 404,830	₩ 4,991,736
Acquisition cost	₩ 1,769,203	₩ 2,352,291	₩ 69,540	₩ 2,002,701	₩ 404,830	₩ 6,598,565
Accumulated impairment and depreciation	(11,598)	(656,575)	(7,408)	(928,398)	-	(1,603,979)
Beneficiary's share of construction cost	-	-	-	(2,850)	-	(2,850)
	₩ 1,757,605	₩ 1,695,716	₩ 62,132	₩ 1,071,453	₩ 404,830	₩ 4,991,736

<sup>1</sup> Others include exchange differences, changes in scope of consolidation and others.

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Changes in intangible assets for the six-month periods ended June 30, 2019 and 2018, are as follows:

	2019									
	Mineral rights	Memberships	Software	Right to use property	Goodwill	Customer relationships	Brands	Orders on hand	Others	Total
<b>Beginning balance</b>	₩ 289,346	₩ 53,650	₩ 72,723	₩ 4,272	₩ 60,064	₩ 42,964	₩ 188,343	₩ 294,175	₩ 55,911	₩ 1,061,448
Acquisition	596	1,156	2,767	-	-	-	-	-	11,725	16,244
Disposal	-	(132)	(261)	-	-	-	-	-	(57)	(450)
Amortization	(4,515)	-	(15,585)	(550)	-	(2,745)	-	(26,135)	(4,518)	(54,048)
Impairment and reversal	-	80	-	-	-	-	-	-	-	80
Transfer	-	-	10,785	-	-	-	-	-	(8,134)	2,651
Others <sup>1</sup>	16,172	22	29	-	35	-	22	-	272	16,552
<b>Ending balance</b>	₩ 301,599	₩ 54,776	₩ 70,458	₩ 3,722	₩ 60,099	₩ 40,219	₩ 188,365	₩ 268,040	₩ 55,199	₩ 1,042,477

<sup>1</sup> Others include exchange differences, changes in scope of consolidation and others.

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(in millions of Korean won)

2018

	Mineral rights	Memberships	Software	Right to use property	Goodwill	Customer relationships	Brands	Orders on hand	Others	Total
<b>Beginning balance</b>	₩ 439,694	₩ 52,995	₩ 78,309	₩ 5,374	₩ 60,132	₩ 48,452	₩ 188,828	₩ 380,803	₩ 56,885	₩ 1,311,472
Acquisition	15,147	485	5,206	-	-	-	-	-	16,296	37,134
Disposal	-	(881)	(13)	(2)	-	-	-	-	(7)	(903)
Amortization	(7,886)	(6)	(24,642)	(549)	(38)	(2,744)	(264)	(51,902)	(4,288)	(92,319)
Impairment	-	(11)	-	-	-	-	-	-	-	(11)
Transfer	-	2,127	6,856	-	-	-	-	-	(4,934)	4,049
Others <sup>1</sup>	29,255	28	111	5	102	-	10	-	474	29,985
<b>Ending balance</b>	₩ 476,210	₩ 54,737	₩ 65,827	₩ 4,828	₩ 60,196	₩ 45,708	₩ 188,574	₩ 328,901	₩ 64,426	₩ 1,289,407

<sup>1</sup> Others include exchange differences, changes in scope of consolidation and others.

As at June 30, 2019, the Group entered into a Collateral Trust Agreement with KB Real Estate Trust Co., Ltd., which the Group provided its land and building located in Yongin-si, Gyeonggi-do as trust property. Simultaneously, the Group pledged the primary beneficiary certificate of the trust property as collateral to Woori Bank in relation to the short-term borrowings.

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**14. Investment Properties**

Changes in investment properties for the six-month periods ended June 30, 2019 and 2018, are as follows:

(in millions of Korean won)

	2019			2018		
	Land	Building	Total	Land	Building	Total
<b>Beginning balance</b>	₩ 33,412	₩ 7,535	₩ 40,947	₩ 475,184	₩ 196,477	₩ 671,661
Effect of Korean IFRS						
1116 adoption (Note 32)	-	132,009	132,009	-	-	-
Acquisition	578	20,525	21,103	-	-	-
Disposal	-	-	-	(57,244)	(17,515)	(74,759)
Depreciation	-	(5,031)	(5,031)	-	(2,314)	(2,314)
Others <sup>1</sup>	-	255	255	-	282	282
<b>Ending balance</b>	<u>₩ 33,990</u>	<u>₩ 155,293</u>	<u>₩ 189,283</u>	<u>₩ 417,940</u>	<u>₩ 176,930</u>	<u>₩ 594,870</u>

<sup>1</sup> Others include adjustments due to exchange difference.

**15. Debentures and Borrowings**

Details of debentures and borrowings as at June 30, 2019 and December 31, 2018, are as follows:

(in millions of Korean won)

	June 30, 2019	December 31, 2018
<b>Current liabilities</b>		
Short-term borrowings	₩ 1,851,250	₩ 1,369,502
Current portion of long-term borrowings	555,185	874,319
Current portion of debentures	410,000	1,020,000
Less: Discount on debentures	(170)	(487)
	<u>2,816,265</u>	<u>3,263,334</u>
<b>Non-current liabilities</b>		
Long-term borrowings	466,399	474,932
Debentures	780,000	780,000
Less: Discount on debentures	(1,282)	(1,620)
	<u>1,245,117</u>	<u>1,253,312</u>
	<u>₩ 4,061,382</u>	<u>₩ 4,516,646</u>

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Short-term borrowings as at June 30, 2019 and December 31, 2018, consist of the following:

(in millions of Korean won)

	Creditors	Annual interest rate (%)	June 30, 2019	December 31, 2018
<b>Samsung C&amp;T and domestic subsidiaries</b>				
Loans in local currency <sup>1</sup>	Construction Guarantee Cooperative and others	1.40 - 2.84	₩ 481,223	₩ 211,223
Loans in foreign currency	Santander and others	BBSW+1.20, 2.45, 2.65	83,801	47,347
Banker's usance	Woori Bank and others	L+0.40~1.95	25,201	44,469
Secured loans (Note 8)	Woori Bank and others	L+0.40~1.95	453,361	446,908
			<u>1,043,586</u>	<u>749,947</u>
<b>Foreign subsidiaries</b>				
General loans		0.5 - 8.95	807,664	619,555
			<u>807,664</u>	<u>619,555</u>
			<u>₩ 1,851,250</u>	<u>₩ 1,369,502</u>

<sup>1</sup> In relation to the borrowings, the land and building of the Group are provided as collateral to Woori Bank (Note 13).

As at June 30, 2019, the Group has entered into bank overdraft facility agreements amounting to ₩ 158,500 million and credit facility agreements amounting to ₩ 868,000 million with 11 banks, including Woori Bank. Also, the Group has entered into credit agreements using its notes receivables which are guaranteed, as collateral for up to ₩ 224,000 million with four banks, including Shinhan Bank.

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Debentures as at June 30, 2019 and December 31, 2018, consist of the following:

(in millions of Korean won)

	Issue date	Maturity	Annual interest rate (%)	June 30, 2019	December 31, 2018
<b>Non-guaranteed and publicly listed</b>					
No. 104-2	Mar. 7, 2014	Mar. 7, 2019	3.59	₩ -	₩ 150,000
No. 105-2	Oct. 6, 2014	Oct. 6, 2019	2.69	150,000	150,000
No. 108-2 <sup>1</sup>	Apr. 3, 2014	Apr. 3, 2019	3.41	-	260,000
No. 109-2	Dec. 1, 2015	Dec. 1, 2020	2.5	100,000	100,000
No. 110-1	Jun. 16, 2016	Jun. 16, 2019	1.74	-	200,000
No. 110-2	Jun. 16, 2016	Jun. 16, 2021	1.89	100,000	100,000
No. 111-1	Nov. 3, 2016	Nov. 3, 2019	1.99	210,000	210,000
No. 111-2	Nov. 3, 2016	Nov. 3, 2021	2.19	190,000	190,000
No. 112-1	Nov. 3, 2017	Nov. 3, 2020	2.59	150,000	150,000
No. 112-2	Nov. 3, 2017	Nov. 3, 2022	2.94	50,000	50,000
Private bonds	Oct. 24, 2014	Oct. 24, 2019	3.48	50,000	50,000
Private bonds	Apr. 27, 2018	Apr. 27, 2021	3.1	150,000	150,000
Private bonds	Apr. 27, 2018	Apr. 27, 2023	3.53	40,000	40,000
				<u>1,190,000</u>	<u>1,800,000</u>
Less: Current portion of debentures				<u>(410,000)</u>	<u>(1,020,000)</u>
				<u>₩ 780,000</u>	<u>₩ 780,000</u>

<sup>1</sup> Publicly listed debentures of former Cheil Industries Inc. (numbered from No. 42 to No. 44) were renamed as publicly listed debentures of Samsung C&T Corporation, numbered from No. 106 to No. 108, due to business combination and change of the Company's name.

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Long-term borrowings (including foreign currency) as at June 30, 2019 and December 31, 2018, consist of the following:

(in millions of Korean won)

Creditors	Annual interest rate (%)	June 30, 2019	December 31, 2018
<b>Denominated in Korean won</b>			
(Samsung C&T and domestic subsidiaries)			
Korea Development Bank (Facility loans)	2.86 ~ 3.57	₩ 436,950	₩ 472,050
Korea Housing & Urban Guarantee Corporation (Working capital loans)	-	7,259	7,259
Shinhan Bank and others (Long-term commercial paper)	2.33	100,000	400,000
		544,209	879,309
Less: Current portion of long-term borrowings		(220,679)	(520,579)
		323,530	358,730
<b>Denominated in foreign currency</b>			
(Samsung C&T and domestic subsidiaries)			
Korea National Oil Corporation (Condition loans and others)	1.50 - 5.00	33,605	32,899
Citibank Korea Inc. and others (General borrowings)	Libor + 0.65 ~ 0.70	114,805	110,965
SMBC (General borrowings)	Libor + 0.65	176,990	171,069
The Export-Import Bank of Korea and others (Facility loans)	3.73 ~ 4.22	46,272	71,007
<b>Foreign subsidiaries</b>			
SC Bank and others (General borrowings and others)	0.80 - 7.7	105,703	84,002
		477,375	469,942
Less: Current portion of long-term borrowings		(334,506)	(353,740)
		142,869	116,202
		₩ 466,399	₩ 474,932



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The annual maturities of long-term debts outstanding (excluding current portion) as at June 30, 2019, are as follows:

(in millions of Korean won)

	Debtentures	Borrowings in Korean won	Borrowings in foreign currencies	Total
July 1, 2020~ June 30, 2021	₩ 500,000	₩ 316,829	₩ 15,037	₩ 831,866
July 1, 2021~ June 30, 2022	190,000	279	-	190,279
July 1, 2022~ June 30, 2023	90,000	279	36,774	127,053
After July 1, 2023	-	6,143	91,058	97,201
	<u>₩ 780,000</u>	<u>₩ 323,530</u>	<u>₩ 142,869</u>	<u>₩ 1,246,399</u>

Long-term borrowings and debtentures by currencies as at June 30, 2019 and December 31, 2018, are as follows:

(in millions of Korean won)

	Long-term borrowings		Debtentures (Amortized cost)	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
US Dollars	₩ 86,277	₩ 83,630	₩ -	₩ -
Korean Won	323,530	358,730	778,718	778,380
Japanese Yen	9,110	6,678	-	-
Others	47,482	25,894	-	-
	<u>₩ 466,399</u>	<u>₩ 474,932</u>	<u>₩ 778,718</u>	<u>₩ 778,380</u>

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**16. Net Defined Benefit Liabilities**

Details of net defined benefit liabilities as at June 30, 2019 and December 31, 2018, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2019</b>	<b>December 31, 2018</b>
Defined benefit obligation	₩ 813,647	₩ 790,078
Less: Plan assets	(671,357)	(681,695)
Less: Contribution to National Pension Fund	(623)	(660)
	<u>₩ 141,667</u>	<u>₩ 107,723</u>

The Group under defined benefit plans is required to pay post-employment benefits to any employee who has provided one year or more of services as at reporting date, in accordance with the Group's policies on payment of post-employment benefits (in accordance with local regulations for overseas subsidiaries). Additionally, as at June 30, 2019, the Group is under contracts with Samsung Life Insurance Co., Ltd. for operations management and asset management of their defined benefit pension plans.

Details of defined benefit liabilities recognized in the consolidated statements of financial position as at June 30, 2019 and December 31, 2018, are determined as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2019</b>	<b>December 31, 2018</b>
Present value of funded defined benefit obligations	₩ 813,647	₩ 790,078
Fair value of plan assets <sup>1</sup>	(671,980)	(682,355)
Net defined benefit liabilities	<u>₩ 141,667</u>	<u>₩ 107,723</u>

<sup>1</sup> The amount includes contributions to the National Pension Fund of ₩ 623 million (2018: ₩ 660 million).

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The amounts recognized in the consolidated interim statements of comprehensive income for the three-month and six-month periods ended June 30, 2019 and 2018, are as follows:

*(in millions of Korean won)*

	2019		2018	
	Three months	Six months	Three months	Six months
<b>Defined benefit plan</b>				
Current service cost	₩ 25,055	₩ 50,494	₩ 23,043	₩ 46,993
Interest expense	5,426	10,862	6,106	12,212
Return on plan assets	(4,427)	(8,858)	(5,494)	(11,014)
<b>Defined contribution plan</b>				
Post-employment benefits	1,284	3,204	804	2,019
Others	(6,883)	8,553	3,799	43,847
	<u>₩ 20,455</u>	<u>₩ 64,255</u>	<u>₩ 28,258</u>	<u>₩ 94,057</u>

Details of allocation of expenses for the three-month and six-month periods ended June 30, 2019 and 2018, are as follows:

*(in millions of Korean won)*

	2019		2018	
	Three months	Six months	Three months	Six months
Cost of sales	₩ 22,654	₩ 50,415	₩ 14,982	₩ 36,141
Selling and administrative expenses				
(post-employment benefits)	(5,592)	8,317	10,674	48,647
Selling and administrative expenses (research and development)	1,652	2,901	1,191	6,089
Other assets	1,741	2,621	1,411	3,180
	<u>₩ 20,455</u>	<u>₩ 64,254</u>	<u>₩ 28,258</u>	<u>₩ 94,057</u>

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**17. Provisions**

Changes in provisions for the six-month periods ended June 30, 2019 and 2018, are as follows:

(in millions of Korean won)

	<b>2019</b>				
	<b>Construction warranties<sup>1</sup></b>	<b>Restoring cost<sup>2</sup></b>	<b>Provisions for construction losses<sup>3</sup></b>	<b>Others<sup>4</sup></b>	<b>Total</b>
January 1, 2019	₩ 180,538	₩ 38,477	₩ -	₩ 223,804	₩ 442,819
Additional provisions	17,654	3,279	87,748	19,278	127,959
Used and reversal	(12,661)	(16)	(23,848)	(45,530)	(82,055)
Transfer	-	-	162,136	-	162,136
Exchange differences	-	1,368	-	1,712	3,080
June 30, 2019	<u>₩ 185,531</u>	<u>₩ 43,108</u>	<u>₩ 226,036</u>	<u>₩ 199,264</u>	<u>₩ 653,939</u>
Current	₩ -	₩ -	₩ 226,036	₩ 104,101	₩ 330,137
Non-current	<u>185,531</u>	<u>43,108</u>	<u>-</u>	<u>95,163</u>	<u>323,802</u>

<sup>1</sup> The Group recognizes expenses, which are expected to be spent for future repairs, as a provision based on historical experience.

<sup>2</sup> The Group recognizes amounts discounted at present value, which are expected to be spent for future dismantling and removing of the oil and gas equipment or restoring the site, as a provision.

<sup>3</sup> The Group recognizes losses, which are expected to occur in construction contract, as a provision.

<sup>4</sup> Others include a provision for product warranty and provisions reflecting risk of business.

(in millions of Korean won)

	<b>2018</b>			
	<b>Construction warranties<sup>1</sup></b>	<b>Restoring cost<sup>2</sup></b>	<b>Others<sup>3</sup></b>	<b>Total</b>
January 1, 2018	₩ 180,633	₩ 43,369	₩ 155,214	₩ 379,216
Effect arising from adoption of Korean IFRS 1115	(640)	-	3,223	2,583
Additional provisions	12,546	2,382	86,290	101,218
Used and reversal	(10,551)	(1,520)	(43,290)	(55,361)
Exchange differences	1,285	1,409	2,608	5,302
Other changes	-	(13,115)	-	(13,115)
June 30, 2018	<u>₩ 183,273</u>	<u>₩ 32,525</u>	<u>₩ 204,045</u>	<u>₩ 419,843</u>
Current (Note 9)	₩ -	₩ -	₩ 110,782	₩ 110,782
Non-current	<u>183,273</u>	<u>32,525</u>	<u>93,263</u>	<u>309,061</u>

<sup>1</sup> The Group recognizes expenses, which are expected to be spent for future repairs, as a provision based on historical experience.

<sup>2</sup> The Group recognizes amounts discounted at present value, which are expected to be spent for future dismantling and removing of the oil and gas equipment or restoring the site, as a provision.

<sup>3</sup> Others include a provision for product warranty and provisions reflecting risk of business.

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**18. Contingencies and Commitments**

As at June 30, 2019, the Group has agreements with several financial institutions, including Woori Bank, for the guarantees of letters of credit related to the Group's export and import, totaling USD 406,032 thousand, for the guarantee of the performance of export contracts amounting to USD 308,908 thousand and for the guarantee of various trade finance with a limit of USD 2,622,641 thousand. The receivables from export transactions sold to financial institutions, which amount to USD 454,487 thousand, are not yet due as at June 30, 2019.

As at June 30, 2019, the Group has provided a note amounting to ₩ 500 million, and 21 blank checks and notes as collateral to related institutions for borrowings, performance guarantees, construction payment guarantees, and others.

As at June 30, 2019, the Group is contingently liable for loan guarantees, principally for foreign associates and joint ventures amounting to USD 145,420 thousand (Note 28). The Group provides performance guarantees on the construction contracts of its foreign operations limited to USD 204,438 thousand, and there are no guarantees provided by the Group for the performance of other construction companies' projects. Conversely, other construction companies provide guarantees for the performance of the Group's projects amounting to ₩ 837,134 million.

As at June 30, 2019, the Group has short-term export insurance with Korea Trade Insurance Corporation. The certificates issued by Korea Trade Insurance Corporation (insured amount of ₩ 68,808 million) relating to guarantees provided by financial institutions are pledged as collateral.

As at June 30, 2019, the Group has been named as the defendant in certain lawsuits brought against it in the normal course of business. The aggregate amount of 423 claims brought against the Group, is approximately ₩ 491,427 million and USD 380,006 thousand. The Group also files 78 counterclaims amounting to ₩ 331,101 million and USD 877,527 thousand. The Group's management believes that the ultimate resolution of the case will not have a material adverse effect on the operations or financial position of the Group. On August 2019, after the reporting period, the Group received a partial award of an arbitration case with Laing O'Rourke Australia Construction Pty Ltd. in relation to the settlement of the contract amount. The Group's management believes that the ultimate resolution of the arbitration will not have a material adverse effect on the consolidated financial statements of the Group.

On July 12, 2018, the SFC imposed administrative measures in accordance with Act on External Audit of Stock Companies against Samsung Biologics Co., Ltd. ("Logics"), a subsidiary of the Group, for alleged failure to disclose sufficient information in the financial statements of Logics from 2012 to 2015 regarding Logics' joint venture agreement with Biogen Therapeutics Inc. The measures included i) compulsory designation of external auditors for three years; ii) recommendation of dismissal of Logics' executives in charge; and iii) prosecution against Logics and its representative director (CEO).

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On November 14, 2018, the SFC imposed the second administrative measures in accordance with the Act on External Audit of Stock Companies against Logics for violation of accounting standards by inappropriately applying consolidated method regarding investments in Samsung Bioepis from 2012 to 2018. The measures included i) compulsory designation of external auditors for three years; ii) recommendation of dismissal of Logics' representative director (CEO) and executives in charge; iii) referral of the case against Logics and its representative director (CEO) to the Prosecutors Office; iv) retrospective restatement of financial statements; and v) imposition of administrative fine of ₩ 8 billion.

In order to demonstrate the legitimacy of the accounting, Logics submitted requests for cancellation of the measures ordered by SFC on October 8, 2018 and November 27, 2018, and submitted requests for suspension of measures on November 27, 2018 and December 18, 2018, to the Seoul Administrative Court (the "Court"). The trial proceedings are in progress (as discussed more in the following paragraphs).

Upon the request to the Court on November 27, 2018 relating to the second measures (made in November 14, 2018), Logics received the decision from the Court to suspend the measures imposed by SFC, which includes i) an order of a corrective measure (retrospective restatement of financial statements); ii) compulsory designation of external auditors for three years; iii) recommendation of dismissal of Logics' representative director (CEO) and the executives in charge until 30 days after the Court makes its final ruling on January 22, 2019. The SFC appealed to the Court's decision on January 30, 2019, but the Seoul High Court affirmed the decision of the Court and rejected the appeal by the SFC on May 13, 2019. The SFC appealed to the Supreme Court on May 23, 2019. That appeal to the Supreme Court is in progress.

In addition, regarding the request for suspension of the first measures imposed by SFC (made in July 12, 2018) which were submitted on December 18, 2018, Logics received the decision from the Court to suspend measures ordered by SFC on February 19, 2019, which includes: i) external auditor designation by the regulator for three years; ii) recommendation of dismissal of Logics' representative director (CEO) and the executives in charge until 30 days after the Court makes its final ruling. The SFC appealed to the Seoul High Court for the decision on February 21, 2019, but the Seoul High Court affirmed the decision of the Court and rejected the appeal by the SFC on March 24, 2019. The SFC appealed to the Supreme Court on June 10, 2019.

With respect to this matter, the investigation by the Seoul Central Prosecutors Office against the CEO and CFO of Logics (as well as an employee of Logics and certain employees of the affiliate of Logics) for alleged of violation of the Act on External Audit of Stock Companies, the Financial Investment Services and Capital Market Act, the Act on the Aggregated Punishment, Etc. of Specific Economic Crimes, and the Criminal Act (which includes allegations of document destruction) is also in progress. It is not possible to predict the outcome of the investigation.

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As disclosed in Note 35 to the consolidated financial statements for the year ended December 31, 2015, issued on March 3, 2016, the Parent Company (formerly, Cheil Industries Inc.) of the Group merged with the former Samsung C&T Corporation on September 1, 2015, and acquired an additional 4.25% of shares in Logics held by the former Samsung C&T Corporation. Accordingly, the Group obtained a control over Logics. As a result, the Group measured the assets and liabilities of Logics at fair value in accordance with Korean IFRS 1103 paragraphs 18 and 45 and others. As a result, the Group expects that the first and second dispositions of the SFC for the Logics, dated July 12, 2018 and November 14, 2018, respectively, will not affect the consolidated financial statements of the Group. The Group's management will continue to monitor the progress of the lawsuit in the future.

As at June 30, 2019, the Group has 1,265 forward exchange contracts amounting to USD 696,018 thousand, EUR 21,505 thousand, SGD 629 thousand, GBP 812 thousand, and SEK 3,132 thousand, and two interest rate swap contracts with financial institutions whose contracts amount to ₩ 100,000 million and USD 42,500 thousand. These forward exchange contracts and interest rate swap contracts are intended to hedge foreign exchange risk and interest risk exposures of the Group. In addition, the Group has entered into 181 commodity futures contracts with financial institutions with contract prices amounting to USD 176,790 thousand and three currency swap contracts with contract prices amounting to USD 129,244 thousand. For the six-month period ended June 30, 2019, realized gains and losses from the contracts mentioned above, included in 'foreign exchange gain and loss', amount to approximately ₩ 35,370 million and ₩ 34,741 million, respectively.

As at June 30, 2019, details of gain (loss) on valuation of derivative instruments are as follows:

<i>(in millions of Korean won)</i>			<b>Accumulated other comprehensive income (loss)</b>
	<b>Gain on valuation</b>	<b>Loss on valuation</b>	
Currency forward contracts	₩ 9,850	₩ (7,038)	₩ (13)
Interest swap contracts	-	-	1,019
Currency swaps contracts	4,727	-	(2,853)
Commodity futures contracts	3,851	(3,791)	(1,429)

As at June 30, 2019, the Group has corporate purchase card agreements and collateral loan agreements using the trade receivables with a limit of ₩ 336,600 million with financial institutions, including Woori Bank.

On February 14, 2012, the Group entered into a share purchase agreement with JSC Samruk-Energy to purchase its shares related to the construction of and business investment in the coal-fired electrical power plant located in Kazakhstan. On August 31, 2016, the Group exercised the put option against JSC Samruk-Energy to re-sell the shares purchased from JSC Samruk-Energy considering the uncertainty of the investment. On November 16, 2018, after the negotiation of different views between the parties in relation to the exercise of the put option, the Group agreed to receive USD 146,400 thousand as a settlement of the project including the put option settlement from the JSC Samruk-Energy and the Kazakhstan government. The project is concluded with the settlement, accordingly.

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On April 30, 2015, the former Samsung C&T Corporation sold 22.99% of equity shares of Hanwha General Chemicals Co., Ltd. (formerly Samsung General Chemical Co., Ltd.) to Hanwha Chemical Co., Ltd. and Hanwha Energy Corporation (collectively "Acquirers"). According to the Share Purchase Agreement, the Group has the right to receive additional proceeds depending on the subsequent operating performance of Hanwha Total Petrochemical Co., Ltd. (formerly Samsung Total Petrochemical Co., Ltd.). The Group also has a priority right to request the Acquirers to purchase the remaining equity shares when Hanwha General Chemicals Co., Ltd. is publically listed. However, if Hanwha General Chemicals Co., Ltd. is not listed within 6 years (7 years if requested by Acquirers) from the closing date of the transaction, the Group and the Acquirers have the right to exercise put option (exercise price: the higher of a) the price per share calculated based on EV of 11.07 times the acquiree's adjusted EBITDA for the year prior to the fiscal year in which the put option is exercised, and b) ₩ 33,165.6 per share) and call option, respectively, on the remaining equity shares. In addition, the Acquirers have the right of first refusal when the Group attempts to dispose of the remaining equity shares. Also, if the Acquirers attempt to dispose of the equity shares of Hanwha General Chemicals Co., Ltd., the Group and the Acquirers respectively have tag-along right and drag-along right.

The Group has entered into agreements for long-term borrowings with financial institutions. If the Group fails to meet conditions specified below, the Group could lose benefit of time which could lead to early redemption of the borrowings.

Financial Institution	Condition	Description
Kookmin Bank	Retention of control	The Group shall remain as an affiliate of Samsung Group and current major shareholders shall hold control over the Group
SMBC	Retain Component ratio of shareholders	The proportion of shares held by Samsung Group and the Group shall remain over 50% and 30%, respectively
Mizuho Bank	Retain Component ratio of shareholders	The proportion of shares held by Samsung Group (Samsung C&T Corporation and Samsung Electronics Co., Ltd.) shall remain over 60%

In relation to the land lease agreement with Incheon Metropolitan City ("Incheon"), the Group receives exemption of rent from Incheon since the Group fulfilled the requirements set by the Public Property Management Ordinance of Incheon. The Group recognizes the fair value of exempt rent as intangible assets, and at the same time, the Group recognizes the same amount of government grants as a deduction of the carrying amount of the asset. Details of the lease agreement are as follows:

(a) *Period*

With the total lease period of 50 years, the initial lease period is 20 years from April 28, 2011, and can be extended on a 10-year basis.



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(b) *Exemption requirement*

In order to remain qualified for rent exemption in accordance with Article 32 of Shared Assets Management Act of Incheon Metropolitan City, the Group has to meet certain requirements such as it shall maintain foreign direct investment of USD 20 million for the first 5 years of the lease period, and for the period thereafter the Group shall remain as foreign investment enterprise with employees over 300.

**19. Share Capital**

The Group is authorized to issue 500 million shares with a par value of ₩ 100 per share. As at June 30, 2019, 189,690,043 shares of ordinary share and 1,627,440 shares of preferred share are issued and outstanding.

On September 14, 2015, the Group issued 56,317,483 shares (54,690,043 shares of ordinary share and 1,627,440 shares of preferred share) of new share for the merger with the former Samsung C&T Corporation.

As authorized in its Articles of Incorporation, the Group is able to issue convertible bonds which can be converted into ordinary shares and preferred shares of the Group, and bonds with warrants which grant the right to purchase new preferred shares to the amount of ₩ 850 billion each. As at June 30, 2019, there are no convertible bonds and bonds with warrants issued under these terms.

Details of treasury shares as at June 30, 2019 and December 31, 2018, are as follows:

	<b>June 30, 2019</b>		<b>December 31, 2018</b>	
	<b>Preferred share</b>	<b>Ordinary share</b>	<b>Preferred share</b>	<b>Ordinary share</b>
<i>(in millions of Korean won, except number of shares)</i>				
Number of shares	159,850	26,225,649	159,850	26,225,649
Acquisition cost	₩ 16,978	₩ 1,895,529	₩ 16,978	₩ 1,895,529

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**20. Other Components of Equity**

Other components of equity as at June 30, 2019 and December 31, 2018, consist of:

<i>(in millions of Korean won)</i>	<b>June 30, 2019</b>		<b>December 31, 2018</b>	
Treasury shares (Note 19)	₩	(1,912,508)	₩	(1,912,508)
Other capital adjustments		(245,036)		(245,036)
Financial assets at fair value through other comprehensive income (Note 11)		6,876,482		4,887,296
Share of other comprehensive income of associates and joint ventures		61,667		46,172
Share of other comprehensive loss of associates and joint ventures		(105,191)		(83,831)
Exchange differences		(137,428)		(183,675)
Cash flow hedge (Note 18)		(3,274)		699
	₩	<u>4,534,712</u>	₩	<u>2,509,117</u>

**21. Selling and Administrative Expenses**

Selling and administrative expenses for the three-month and six-month periods ended June 30, 2019 and 2018, are as follows:

<i>(in millions of Korean won)</i>	<b>2019</b>				<b>2018</b>			
	<b>Three months</b>		<b>Six months</b>		<b>Three months</b>		<b>Six months</b>	
Salaries and others	₩	145,616	₩	341,227	₩	174,124	₩	409,075
Welfare		31,133		61,635		28,904		56,125
Depreciation		48,760		97,155		40,958		80,332
Travel		13,435		26,290		12,593		23,158
Commission		151,317		298,442		175,854		362,437
Rent		80,684		167,727		52,185		107,057
Freight		73,788		150,771		79,626		144,858
Taxes and dues		11,963		24,610		11,502		5,419
Advertising		16,051		25,578		17,435		27,016
Research and development		21,144		45,249		21,076		44,057
Impairment loss (reversal) (Note 8)		7,944		2,554		(2,839)		(1,468)
Computational service fee		9,150		20,270		11,873		23,583
Sales promotion cost		8,355		15,781		7,378		16,428
Others		52,745		102,920		50,693		101,839
	₩	<u>672,085</u>	₩	<u>1,380,209</u>	₩	<u>681,362</u>	₩	<u>1,399,916</u>

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**22. Other Income and Expenses**

Other income and expenses for the three-month and six-month periods ended June 30, 2019 and 2018, consist of:

(in millions of Korean won)

	2019		2018	
	Three months	Six months	Three months	Six months
<b>Other income</b>				
Share of profit of associates and joint ventures	₩ 18,337	₩ 45,513	₩ 9,962	₩ 42,992
Dividend income	106,210	342,419	106,501	341,499
Foreign exchange gain	69,741	100,585	47,037	94,471
Gain on translation of foreign currency	50,246	103,759	98,946	134,165
Gain on disposal of investments	2,140	13,609	(260)	19,725
Gain on disposal of property, plant and equipment	1,451	2,072	1,627	50,251
Gain on disposal of investment properties	-	-	8	45,984
Reversal of impairment loss on intangible assets	80	80	-	-
Gain on disposal of intangible assets	15	15	72	197
Reversal of provision for impairment (Note 8)	13,050	16,234	1,615	2,766
Gain on insurance settlement	40	241	138	147
Others	13,743	39,622	25,964	53,972
	<u>₩ 275,053</u>	<u>₩ 664,149</u>	<u>₩ 291,610</u>	<u>₩ 786,169</u>
<b>Other expenses</b>				
Share of loss of associates and joint ventures	₩ (26)	₩ 44	₩ (79)	₩ 3
Foreign exchange loss	65,102	104,460	53,231	98,254
Loss on translation of foreign currency	43,087	92,446	54,421	84,991
Loss on disposal of investments	1	464	5	109
Impairment loss on property, plant and equipment	-	-	4,249	4,249
Loss on disposal of property, plant and equipment	2,594	3,406	1,294	2,876
Impairment loss on intangible assets	-	-	11	11
Loss on disposal of intangible assets	4	417	39	63
Loss on disposal of trade receivables	6,152	13,418	6,203	12,484
Donations	5,601	8,777	7,926	10,235
Other impairment loss (Note 8)	5,718	13,616	11,298	21,591
Others	71,968	108,065	49,719	93,129
	<u>₩ 200,201</u>	<u>₩ 345,113</u>	<u>₩ 188,317</u>	<u>₩ 327,995</u>

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**23. Breakdown of Expenses by Nature**

Expenses recorded by nature as cost of sales, selling and administrative expenses in the consolidated interim statements of comprehensive income for the three-month and six-month periods ended June 30, 2019 and 2018, consist of:

<i>(in millions of Korean won)</i>	2019		2018	
	Three months	Six months	Three months	Six months
Changes in finished goods and work-in-process	₩ 4,310,862	₩ 8,208,451	₩ 4,190,678	₩ 8,146,512
Construction outsourcing	1,711,863	3,335,324	1,638,142	3,140,946
Employee benefit expenses	565,518	1,175,273	575,062	1,241,157
Commission	328,713	584,659	428,983	747,344
Freight	75,686	154,243	80,653	146,720
Research and development	21,144	45,249	21,076	44,057
Heavy construction equipment usage	55,024	107,207	50,362	100,761
Rent	108,396	219,166	85,043	169,705
Taxes and dues	54,753	85,978	47,212	80,554
Depreciation and amortization	123,031	231,261	59,017	196,825
Insurance	13,248	25,693	15,082	27,909
Outsourcing fee	90,922	208,501	85,067	200,303
Others	292,118	622,171	273,224	573,958
	<u>₩ 7,751,278</u>	<u>₩ 15,003,176</u>	<u>₩ 7,549,601</u>	<u>₩ 14,816,751</u>

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**24. Adjusted Operating Profit and Loss**

Details of adjusted operating profit that are voluntarily classified based on the Group's own criteria by adjusting other income or expense items reflecting the operating performance of the Group from items that are not included within operating profit in the consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2019 and 2018, are as follows:

<i>(in millions of Korean won)</i>	2019		2018	
	Three months	Six months	Three months	Six months
Operating profit in the consolidated statement of comprehensive income	₩ 220,687	₩ 325,841	₩ 378,126	₩ 587,297
Share of profit of associates and joint ventures (other income/other expenses)	18,363	45,469	10,041	42,989
Dividends income	106,210	342,419	106,501	341,499
Foreign exchange gain (loss)	4,639	(3,875)	(6,194)	(3,783)
Gain on translation of foreign currency	7,159	11,313	44,525	49,174
Gain (loss) on disposal of investments	2,139	13,145	(265)	19,616
Impairment loss on property, plant and equipment	-	-	(4,249)	(4,249)
Gain (loss) on disposal of property, plant and equipment	(1,144)	(1,334)	333	47,375
Gain on disposal of investment properties	-	-	8	45,984
Reversal of impairment loss on intangible assets (impairment loss)	80	80	(11)	(11)
Gain (loss) on disposal of intangible assets	11	(402)	33	134
Reversal of provision for impairment (other impairment loss)	7,332	2,618	(9,683)	(18,825)
Donations	(5,601)	(8,777)	(7,926)	(10,235)
Loss on disposal of trade receivables	(6,152)	(13,418)	(6,203)	(12,484)
Others	(58,184)	(68,202)	(23,617)	(39,010)
Adjusted operating profit	₩ 295,539	₩ 644,877	₩ 481,419	₩ 1,045,471

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**25. Financial Income and Expenses**

Financial income and expenses for the three-month and six-month periods ended June 30, 2019 and 2018, consist of:

(in millions of Korean won)

	2019		2018	
	Three months	Six months	Three months	Six months
Interest income:				
Deposits in bank	₩ 13,287	₩ 28,855	₩ 11,224	₩ 20,547
Securities	1,176	2,351	1,175	2,351
Loans	5,076	10,627	5,209	10,937
Overdue interest	14	21	4	8
Present value discounts	989	1,733	533	1,197
Others	2,449	10,776	5,649	11,092
Foreign exchange gain	2,048	4,957	10,017	13,382
Gain on translation of foreign currency	19,234	36,845	45,667	58,532
<b>Total financial income</b>	<b>44,273</b>	<b>96,165</b>	<b>79,478</b>	<b>118,046</b>
Interest expenses:				
Short-term borrowings	12,386	23,496	13,143	26,646
Long-term borrowings	5,915	13,699	8,513	14,618
Debentures	8,561	20,501	16,872	35,391
Lease liabilities	2,230	4,605	-	-
Others	20,282	25,129	3,815	9,202
Capitalized interests (3.39%)	-	-	(3,950)	(6,493)
Foreign exchange loss	3,035	5,392	5,314	10,220
Loss on translation of foreign currency	15,147	31,932	29,434	41,573
<b>Total financial expenses</b>	<b>67,556</b>	<b>124,754</b>	<b>73,141</b>	<b>131,157</b>
<b>Financial expenses (income), net</b>	<b>₩ 23,283</b>	<b>₩ 28,589</b>	<b>₩ (6,337)</b>	<b>₩ 13,111</b>

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**26. Income Tax Expense**

Income tax expense is recognized based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

**27. Earnings per Share**

Basic earnings per ordinary share for the six-month periods ended June 30, 2019 and 2018, are as follows:

<i>(in Korean won and in shares)</i>	<b>2019</b>	<b>2018</b>
Profit for the period <sup>1</sup>	₩ 469,130 million	₩ 765,168 million
Profit for the period attributable to ordinary shares	464,919 million	758,323 million
Weighted average number of ordinary shares outstanding	163,464,394 shares	163,464,540 shares
Basic earnings per ordinary share	₩ 2,844	₩ 4,639

<sup>1</sup> The amount is the profit attributable to the owners of the Parent Company for the period.

Basic earnings per preferred share for the six-month periods ended June 30, 2019 and 2018, are as follows:

<i>(in Korean won and in shares)</i>	<b>2019</b>	<b>2018</b>
Profit for the period <sup>1</sup>	₩ 469,130 million	₩ 765,168 million
Profit for the period attributable to preferred shares	4,211 million	6,845 million
Weighted average number of preferred shares outstanding	1,467,590 shares	1,467,591 shares
Basic earnings per preferred share	₩ 2,869	₩ 4,664

<sup>1</sup> The amount is the profit attributable to the owners of the Parent Company for the period.

Since there is no dilutive potential ordinary share, the diluted earnings per ordinary share and the basic earnings per ordinary share are the same for the six-month periods ended June 30, 2019 and 2018, respectively.

**28. Related Party Transactions**

As at June 30, 2019, the Group's related parties consist of 48 associates and joint ventures, including Samsung Bioepis Co., Ltd. and other related parties (Note 1.3). Meanwhile, the Enterprise Group, which the Group belongs to, in accordance with the Monopoly Regulation and Fair Trade Act of the Republic of Korea, consists of 62 entities including Samsung Electronics Co., Ltd., as at June 30, 2019.

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Significant transactions between the Parent Company and related parties (associates, joint ventures and other related party) for the six-month periods ended June 30, 2019 and 2018, and the related account balances as at June 30, 2019 and December 31, 2018, consist of the following:

(in millions of Korean won)	Sales <sup>2</sup>		Purchases		Receivables		Payables	
	2019	2018	2019	2018	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
<b>Associates</b>								
Samsung Bioepis Co., Ltd.	₩ 7,288	₩ 3,701	₩ -	₩ -	₩ 5,642	₩ 2,181	₩ -	₩ -
Waris Gigih Engineering & Technology Sdn. Bhd.	61	48	-	-	-	-	-	-
Gangneung Eco Power Co.,Ltd.	123,808	4,069	-	-	6,035	6,832	-	118,263
Gaziantep Hospital Management Investment Company	9,720	2,160	-	-	-	-	-	-
TOK Advanced Materials Co., Ltd.	-	-	42,613	43,889	-	-	4,265	4,560
Rabigh Investment Company	-	-	-	-	53,745	51,926	-	-
Others	303	296	1	681	101	98	-	-
<b>Joint ventures</b>								
FCC Saudi LLC	2,463	17,320	-	-	1,330	-	-	-
Others	443	467	-	5	11,514	10,843	-	-
<b>Other related party</b>								
Samsung Electronics Co., Ltd.	2,334,547	1,375,680	64,516	57,064	1,730,577	1,678,553	235,967	196,829
Others	124,809	80,913	77	1,727	16,609	33,566	20	540
<b>Others<sup>1</sup></b>								
Samsung Display Co., Ltd.	50,163	490,822	920	1,412	29,500	13,210	23,157	22,611
Samsung SDS Co., Ltd.	28,909	6,878	37,484	47,188	13,801	13,901	24,407	27,461
Samsung Life Insurance Co., Ltd. <sup>3</sup>	13,515	33,776	740	688	2,350	6,870	41,767	41,767
Others	54,668	55,833	42,735	51,338	50,781	46,294	157,809	155,423

<sup>1</sup> The entities are not included in the scope of related parties in accordance with Korean IFRS 1024, but are included in the scope of Enterprise Group in accordance with the Monopoly Regulation and Fair Trade Act of the Republic of Korea.

<sup>2</sup> Unbilled revenue from construction contracts based on the percentage of completion of ₩ 581,300 million (2018: ₩ 286,358 million) is excluded from sales. In addition, Due from customer for contract work amounting to ₩ 317,393 million (December 31, 2018: ₩ 223,627 million) and due to customers for contract work amounting to ₩ 488,082 million (December 31, 2018: ₩ 931,316 million) are excluded from receivables and payables, respectively.



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<sup>3</sup> As at June 30, 2019, the Group deposited ₩ 476,084 million (December 31, 2018: ₩ 494,669 million) in Samsung Life Insurance Co., Ltd. as plan assets. There is no additional contribution made by the Group for the six-month period ended June 30, 2019.

<sup>4</sup> As at June 30, 2019, the Group has entered into a corporate purchase card agreement with Samsung Card Co., Ltd., with a limit of ₩ 12,000 million.

Significant transactions between the Group and related parties (associates, joint ventures and other related parties) (the above transactions are excluded) for the six-month periods ended June 30, 2019 and 2018, and the related account balances as at June 30, 2019 and December 31, 2018, consist of the following:

(in millions of Korean won)	Sales <sup>2</sup>		Purchases		Receivables		Payables	
	2019	2018	2019	2018	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
<b>Associates</b>								
Samsung Bioepis Co., Ltd.	₩ 72,250	₩100,895	₩ 20,164	₩ 1	₩ 16,371	₩ 69,667	₩ 33,073	₩ 20,367
KST POWER NORTE S.A. DE C.V.	-	955	-	-	-	40,862	-	-
Others	12	42	-	-	62	184	7	-
<b>Joint ventures</b>								
FCC Saudi LLC	40,697	29,574	-	-	-	-	46,743	43,519
LJG Green Source Energy Alpha S.R.L.	768	718	-	-	21,688	19,705	-	-
Kelar S.A.	1,080	1,014	-	-	32,305	30,345	-	-
Others	1,284	1,271	-	9	303	473	-	-
<b>Other related party</b>								
Samsung Electronics Co., Ltd.	217,434	233,198	10,948	5,877	133,039	81,651	20,006	9,221
Others	533,860	517,456	1,731	3,113	88,025	88,125	3,593	7,905
<b>Others<sup>1</sup></b>								
Samsung Display Co., Ltd.	40,962	49,691	19	25	20,114	6,950	1,661	470
Samsung SDS Co., Ltd.	14,704	14,620	25,100	26,169	5,437	2,852	21,361	20,110
Samsung Life Insurance Co., Ltd. <sup>3</sup>	9,265	7,100	427	2,332	1,914	955	2,821	1,410
Others <sup>3,4</sup>	365,603	311,671	20,961	68,975	250,964	128,556	45,539	86,663

<sup>1</sup> The entities are not included in the scope of related parties in accordance with Korean IFRS 1024, but are included in the scope of Enterprise Group in accordance with the Monopoly Regulation and Fair Trade Act of the Republic of Korea.

<sup>2</sup> Unbilled revenue from construction contracts based on the percentage of completion of ₩ (-) 41,314 million (2018: ₩ (-) 908 million) is excluded from sales. In addition, Due from customer for contract work amounting to ₩ 28,532 million (December 31, 2018: ₩ 19,537 million) and due to customers for contract work amounting to ₩ 19,261 million (December 31, 2018: ₩ 58,939 million) are excluded from receivables and payables, respectively.

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<sup>3</sup> As at June 30, 2019, the Group (except for the Parent Company) deposited ₩ 159,927 million (December 31, 2018: ₩ 151,930 million) and ₩ 35,341 million (December 31, 2018: ₩ 35,091 million) as plan assets in Samsung Life Insurance Co., Ltd. and Samsung Fire & Marine Insurance Co., Ltd., respectively.

Major fund transactions with a related party for the six-month periods ended June 30, 2019 and 2018, are as follows:

(in millions of Korean won)

	2019		2018	
	Loans	Repayments	Loans	Repayments
<b>Associates</b>				
KST POWER NORTE S.A. DE C.V. <sup>1</sup>	₩ -	₩ 30,380	₩ -	₩ -

<sup>1</sup> During the six-month period ended June 30, 2019, the Group disposed its loans to KST POWER NORTE S.A. DE C.V. to Samsung Asset Management Co., Ltd., an entity included in the scope of Enterprise Group.

Payment guarantees for the liabilities of associates and joint ventures provided by the Group as at June 30, 2019, are as follows:

(in thousands of US dollars)

	Principal debtor	Guaranteed period	Guaranteed amount	
			Actual borrowings	Guaranteed amount
<b>Associates</b>				
Terminal KMS de GNL, S. de R.L. de C.V.	Santander and others	September 1, 2029	\$ 87,248	\$ 87,248
<b>Joint venture</b>				
Kelar S.A.	BTMU and others	April 30, 2031	13,304	13,304
			<u>\$ 100,552</u>	<u>\$ 100,552</u>

For the six-month period ended June 30, 2019, the Group received ₩ 252,834 million of dividends (2018: ₩ 274,700 million) from the related parties. For the six-month period ended June 30, 2019, the Group received ₩ 129,105 million (2018: ₩ 103,958 million) from the entities that are not related parties of the Group in accordance with Korean IFRS 1024, but included in the Enterprise Group in accordance with the Monopoly Regulation and Fair Trade Act of the Republic of Korea. For the six-month period ended June 30, 2019, there are no declared dividends to related parties, and there are no unpaid dividends to related parties as at June 30, 2019 and December 31, 2018. Also, for the six-month period ended June 30, 2019, there are no declared dividends to the entities in the same Enterprise Group (2018: ₩ 23,320 million). As at June 30, 2019 and December 31, 2018, there are no unpaid dividends to these entities.

For the six-month period ended June 30, 2019, the Group made additional contribution of ₩ 24,426 million (2018: ₩ 10,712 million) to associates, and recovered ₩ 43,232 million (2018: ₩ 5,045 million) from associates and joint ventures.

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As at June 30, 2019, the Group recognized lease liabilities of ₩ 68,024 million and lease receivables of ₩ 26,189 million in relation to a lease contract for buildings from the entities that are not related parties of the Group in accordance with Korean IFRS 1024, but included in the Enterprise Group in accordance with the Monopoly Regulation and Fair Trade Act of the Republic of Korea.

As at June 30, 2019, investments in Dongducheon Dream Power Co., Ltd., (Acquisition cost: ₩ 115,456 million), are pledged as collateral to a financial institution against the borrowings (total borrowing limit of ₩ 1,285,000 million) of Dongducheon Dream Power Co., Ltd. In addition, the Group provides payment guarantees in relation to the debenture of Dongducheon Dream Power Co., Ltd. amounting to ₩ 18,800 million (Note 12).

As at June 30, 2019, investments in Gaziantep SPV (acquisition cost: ₩ 9,551 million), Rabigh 2 Investment Company (acquisition cost: ₩ 373 million) and Qurayyah Investment Company (acquisition cost: ₩ 52,215 million), are pledged as collateral against borrowings of investees (Note 12).

The Group has entered into a lease agreement in relation to use of land with Incheon Metropolitan City and has entered into a sublease agreement with Samsung Bioepis Co., Ltd. with the consent of Incheon Metropolitan City.

The Group recognized salaries and post-employment benefits for the key management as expenses, amounting to ₩ 3,422 million and ₩ 459 million, respectively. The key management includes directors (executive and non-executive), auditors and other managements. Meanwhile, the Group introduced long-term incentive plans for its executives based on a three-year management performance criteria and has made a provision for the cumulative estimated incentive cost for the past periods. For the six-month period ended June 30, 2019, the Group recognized expenses amounting to ₩ 1,202 million.

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**29. Cash Generated from (Used in) Operations**

Reconciliation between operating profit and net cash inflow (outflow) from operating activities, for the six-month periods ended June 30, 2019 and 2018, is as follows:

<i>(in Korean won)</i>	<b>2019</b>	<b>2018</b>
Profit for the period	₩ 429,861,950,488	₩ 707,977,186,043
<b>Addition</b>		
Income tax expense	207,110,839,846	229,870,823,824
Interest expense	87,430,442,706	79,364,889,404
Depreciation and amortization	242,288,648,094	227,926,737,379
Post-employment benefits	52,497,616,472	48,190,952,125
Impairment loss	2,554,120,099	(1,468,325,445)
Other impairment loss	13,615,795,556	21,591,414,385
Transfer in provision for construction losses	87,747,883,606	46,886,694,557
Transfer in provision for construction warranties	25,444,896,542	12,871,488,163
Loss on foreign currency translation	124,377,657,316	126,563,193,777
Loss on disposal of investments	464,497,337	108,566,485
Loss on disposal of property, plant and equipment	3,405,638,777	2,875,682,760
Impairment loss on property, plant and equipment	-	4,248,869,620
Loss on disposal of intangible assets	417,183,263	62,663,864
Impairment loss on intangible assets	-	10,756,000
Share of loss of associates and joint ventures	17,321,933,373	108,411,328,756
Others expenses	50,896,626,063	120,878,443,414
	<u>915,573,779,050</u>	<u>1,028,394,179,068</u>
<b>Deduction</b>		
Interest income	(54,362,689,093)	(46,131,765,442)
Dividend income	(342,419,256,286)	(341,498,653,823)
Gain on foreign exchange translation	(140,604,339,043)	(192,696,146,103)
Reversal of provision for construction losses	(23,847,927,806)	(37,598,038,840)
Reversal of provision for impairment	(16,234,029,756)	(2,766,354,661)
Gain on disposal of investments	(13,511,496,722)	(19,724,635,383)
Gain on valuation of financial assets at fair value through profit or loss	(123,251,687)	-
Gain on disposal of property, plant and equipment	(2,071,785,140)	(50,250,900,080)
Gain on disposal of intangible assets	(14,800,700)	(197,237,367)
Reversal of impairment loss on intangible assets	(80,000,000)	(3,547,716)
Gain on disposal of investment properties	-	(45,984,420,963)
Share of profit of associates and joint ventures	(83,475,980,201)	(56,889,319,585)
Other income	(5,212,613,013)	(4,855,864,981)
	<u>(681,958,169,447)</u>	<u>(798,596,884,944)</u>
<b>Changes in operating assets and liabilities</b>		
Decrease (increase) in trade receivables	(517,309,183,437)	987,873,191,577
Decrease (increase) in other current assets	13,992,915,080	(247,445,700,274)
Increase in inventories	(134,716,020,471)	(38,206,206,316)

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<i>(in Korean won)</i>	<b>2019</b>	<b>2018</b>
Increase (decrease) in trade payables	216,558,157,760	(9,653,412,205)
Decrease in other current liabilities	(192,053,346,186)	(697,188,563,114)
Decrease in provisions for construction warranties	(20,747,051,939)	(10,550,871,637)
Increase in long-term unearned income	31,162,850,486	5,049,654,032
Increase (decrease) in long-term non-trade payables	(5,289,092,839)	20,039,515,693
Payment of defined benefit liability	(38,186,647,282)	(76,919,490,169)
Decrease in plan assets	19,634,809,654	59,538,296,089
Transfer in of defined benefit liability	(803,213,470)	(854,098,950)
Others	(38,360,823,835)	(37,316,000,458)
	<u>(666,116,646,479)</u>	<u>(45,633,685,732)</u>
<b>Cash generated from (used in) operations</b>	<b>₩ (2,639,086,388)</b>	<b>₩ 892,140,794,435</b>

Changes in liabilities arising from financial activities for the six-month period ended June 30, 2019, are as follows:

	<i>(in millions of Korean won)</i>		<u>Transactions without cash flows</u>		
			<u>Amortization</u>	<u>Others<sup>2</sup></u>	<u>At June 30, 2019</u>
	<b>At January 1, 2019</b>	<b>Cash flows from financial activities</b>			
Short-term borrowings	₩ 1,369,502	₩ 449,227	₩ -	₩ 32,521	₩ 1,851,250
Long-term borrowings <sup>1</sup>	1,349,251	(343,401)	-	15,734	1,021,584
Debentures	1,797,893	(610,000)	655	-	1,188,548
	<u>₩ 4,516,646</u>	<u>₩ (504,174)</u>	<u>₩ 655</u>	<u>₩ 48,255</u>	<u>₩ 4,061,382</u>

<sup>1</sup> Long-term borrowings include current portion of borrowings and debentures.

<sup>2</sup> Others include changes due to exchange differences and others.

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**30. Segment Information**

The strategic steering committee is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the strategic steering committee for the purposes of allocating resources and assessing performance.

Summary of information on the Group's operations by business segment as at and for the six-month periods ended June 30, 2019 and 2018, is as follows:

	2019							Total
	Construction	Trading	Fashion	Resort	Food and beverages	Bio	Common	
External sales	₩ 6,100,957	₩ 8,490,133	₩ 917,698	₩ 326,946	₩ 1,061,797	₩ 203,447	₩ -	₩ 17,100,978
Internal sales	(31,147)	(1,653,563)	(45,065)	(881)	(41,305)	-	-	(1,771,961)
Net sales	6,069,810	6,836,570	872,633	326,065	1,020,492	203,447	-	15,329,017
Operating profit (loss)	262,002	58,808	16,874	(2,954)	52,804	(61,693)	-	325,841
Adjusted operating profit (loss)	396,940	172,592	67,447	20,511	48,101	(60,714)	-	644,877
Total assets <sup>1</sup>	8,752,088	4,165,586	1,240,319	2,425,536	628,524	6,056,206	21,190,390	44,458,649

<sup>1</sup> For total assets, the common amount is separately presented.

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	2018							
	Construction	Trading	Fashion	Resort	Food and beverages	Bio	Common	Total
External sales	₩ 6,154,723	₩ 8,565,138	₩ 913,976	₩ 313,501	₩ 988,558	₩ 261,331	₩ -	₩ 17,197,227
Internal sales	(26,824)	(1,688,840)	(38,038)	(2,141)	(37,336)	-	-	(1,793,179)
Net sales	6,127,899	6,876,298	875,938	311,360	951,222	261,331	-	15,404,048
Operating profit (loss)	401,461	114,298	5,511	(1,407)	53,586	13,848	-	587,297
Adjusted operating profit	600,761	256,342	101,365	28,430	47,824	10,749	-	1,045,471
Total assets <sup>1</sup>	8,456,187	4,265,375	1,115,124	2,402,581	628,524	7,707,126	21,921,657	46,496,574

<sup>1</sup> For total assets, the common amount is separately presented.

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Summary of information on the Group's operations by geographic areas for the six-month periods ended June 30, 2019 and 2018, is as follows:

<i>(in millions of Korean won)</i>	<b>2019</b>				
	<b>Domestic</b>	<b>Asia</b>	<b>Europe</b>	<b>The Americas</b>	<b>Total</b>
Total revenue	₩ 11,679,037	₩ 4,091,081	₩ 607,828	₩ 723,032	₩ 17,100,978
Intercompany revenue	<u>(1,064,437)</u>	<u>(580,148)</u>	<u>(116,154)</u>	<u>(11,222)</u>	<u>(1,771,961)</u>
Revenue from external customers	<u>₩ 10,614,600</u>	<u>₩ 3,510,933</u>	<u>₩ 491,674</u>	<u>₩ 711,810</u>	<u>₩ 15,329,017</u>
	<b>2018</b>				
	<b>Domestic</b>	<b>Asia</b>	<b>Europe</b>	<b>The Americas</b>	<b>Total</b>
Total revenue	₩ 11,765,137	₩ 3,961,447	₩ 599,672	₩ 870,971	₩ 17,197,227
Intercompany revenue	<u>(1,170,167)</u>	<u>(450,236)</u>	<u>(119,853)</u>	<u>(52,923)</u>	<u>(1,793,179)</u>
Revenue from external customers	<u>₩ 10,594,970</u>	<u>₩ 3,511,211</u>	<u>₩ 479,819</u>	<u>₩ 818,048</u>	<u>₩ 15,404,048</u>

**31. Financial Risk Management**

**31.1 Financial Risk Management**

The Group is exposed to various financial risks such as market risk, credit risk and liquidity risk while performing various activities. Market risk arises from currency risk, fair value interest rate risk, cash flow interest rate risk and price risk.

As these interim financial statements do not include all the financial risk management and disclosures required for the annual financial statements, please refer to the December 31, 2018 annual financial statements.

There has been no significant change in the risk management department and other risk management policy of the Group since December 31, 2018.



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**31.2 Fair Value Measurement**

Fair value hierarchy classifications of the financial instruments that are measured at fair value or its fair value is disclosed as at June 30, 2019 and December 31, 2018 are as follows:

(in millions of Korean won)

	<b>June 30, 2019</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets measured at fair value</b>				
Financial assets at fair value through other comprehensive income	₩ 20,388,165	₩ 496	₩ 168,908	₩ 20,557,569
Financial assets at fair value through profit or loss	2,251	380,000	261,646	643,897
Derivative financial instruments:				-
Held for trading	-	10,192	26,990	37,182
Hedging	-	19,163	-	19,163
	<u>₩ 20,390,416</u>	<u>₩ 409,851</u>	<u>₩ 457,544</u>	<u>₩ 21,257,811</u>
<b>Liabilities measured at fair value</b>				
Derivative financial instruments:				
Held for trading	₩ -	₩ 32,720	₩ -	₩ 32,720
Hedging	-	2,635	-	2,635
	<u>₩ -</u>	<u>₩ 35,355</u>	<u>₩ -</u>	<u>₩ 35,355</u>

(in millions of Korean won)

	<b>December 31, 2018</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets measured at fair value</b>				
Financial assets at fair value through other comprehensive income	₩ 17,681,661	₩ 605	₩ 266,134	₩ 17,948,400
Financial assets at fair value through profit or loss	2,172	540,081	177,257	719,510
Derivative financial instruments:				
Held for trading	-	9,557	26,990	36,547
Hedging	-	9,552	-	9,552
	<u>₩ 17,683,833</u>	<u>₩ 559,795</u>	<u>₩ 470,381</u>	<u>₩ 18,714,009</u>
<b>Liabilities measured at fair value</b>				
Derivative financial instruments:				
Held for trading	₩ -	₩ 16,331	₩ -	₩ 16,331
Hedging	-	3,220	-	3,220
	<u>₩ -</u>	<u>₩ 19,551</u>	<u>₩ -</u>	<u>₩ 19,551</u>

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- All inputs other than quoted prices included in level 1 that are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability (Level 2).
- Unobservable inputs for the asset or liability (Level 3).

During the six-month period ended June 30, 2019, there has been no significant change in the business or economic circumstances that affect the fair value of the entity's financial assets and financial liabilities.

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Valuation techniques and the inputs used in the fair value measurement related to recurring and non-recurring fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy and disclosed fair value are as follows:

<i>(in millions of Korean won)</i>	<b>Fair value</b>	<b>Level</b>	<b>Fair value measurements</b>	<b>Inputs</b>
<b>Financial assets measured at fair value</b>				
Energy industry equities	₩ 80,780	3	Net asset value method, discounted cash flow method and others	Growth rate, discount rate and others
Cooperative contribution	45,491	3	Net asset value method, discounted cash flow method and others	Growth rate, discount rate and others
Other equities	304,283	3	Net asset value method, discounted cash flow method and others	Growth rate, discount rate and others
Investment bonds	380,496	2	Discounted cash flow method	Counterparty credit risk and others
<b>Derivatives (assets)</b>				
Currency forwards and others	29,355	2	Market approach	Currency forwards rate, discount rate and others
Option	26,990	3	LSMC model	Underlying asset (East Central Tower Building)
<b>Derivatives (liabilities)</b>				
Currency forwards and others	35,355	2	Market approach	Currency forwards rate, discount rate and others

*Valuation process of fair value measurements classified in level 3*

The finance department of the Group's divisions is responsible for fair value measurements which contain fair value measurement categorized in Level 3 for the purpose of financial report and the said department reports periodically the fair value valuation process and its outcome on reporting schedule at the end of every year.

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**32. Changes in Accounting Policy**

As explained in Note 2 above, the Group has adopted Korean IFRS 1116 *Leases* from January 1, 2019. In accordance with the transitional provisions in Korean IFRS 1116, comparative figures have not been restated. The application of Korean IFRS 1116 has impact on the financial statements as follows.

**32.1 Adjustments recognized on adoption of Korean IFRS 1116 *Leases***

On adoption of Korean IFRS 1116, the Group recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Korean IFRS 1017. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at January 1, 2019. The lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 2.94%.

*(in millions of Korean won)*

		<b>January 1, 2019</b>
Operating lease commitments disclosed as at December 31, 2018	₩	544,436
Discounted using the lessee's incremental borrowing rate of at the date of initial application		496,607
Less: short-term leases recognized on a straight-line basis as expense		(8,221)
Less: low-value leases recognized on a straight-line basis as expense		(3,181)
<b>Lease liability recognized as at January 1, 2019</b>		<b>485,205</b>
Of which are:		
Current lease liabilities (other current liabilities)		107,693
Non-current lease liabilities (other non-current liabilities)		377,512
	₩	<b>485,205</b>

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the consolidated statement of financial position as at December 31, 2018. The Group recognized impairment loss of ₩ 16,114 million and net lease investment bonds arising from sublease of ₩ 29,271 million that would have required an adjustment to the right-of-use assets at the date of initial application.

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**32.2 Impacts on the consolidated financial statements with adoption of Korean IFRS 1116 Lease**

(a) Amounts recognized in the consolidated statement of financial position

The consolidated statements of financial position shows the following amounts relating to leases:

<i>(in millions of Korean won)</i>	<b>June 30, 2019</b>		<b>January 1, 2019</b>	
Right-of-use assets <sup>1</sup>				
Land	₩	13,979	₩	11,517
Buildings and structures		233,705		257,630
Animals & plants		12,663		13,230
Others		22,014		26,725
		<u>282,361</u>		<u>309,102</u>
Investment properties <sup>2</sup>		127,209		132,009
	₩	<u>409,570</u>	₩	<u>441,111</u>

<sup>1</sup> Presented separately as the line item 'right-of-use assets' in the consolidated statement of financial position.

<sup>2</sup> Right-of-use assets for the lease contracts which satisfy the definition of investment properties are classified as investment properties and presented as the line item 'investment properties' in the consolidated statement of financial position.

Additions to the right-of-use assets during the 2019 financial year were ₩ 40,033 million.

<i>(in millions of Korean won)</i>	<b>June 30, 2019</b>		<b>January 1, 2019</b>	
Lease liabilities <sup>1</sup>				
Current	₩	114,033	₩	107,693
Non-current		332,208		377,512
	₩	<u>446,241</u>	₩	<u>485,205</u>

<sup>1</sup> Included in the line item 'other current liabilities' and 'other non-current liabilities' in the statement of financial position.

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As at June 30, 2019, the lease liabilities are classified according to the remaining period of time to the expiration date of the contract.

(in millions of Korean won)

	June 30, 2019					
	Book amount	Cash flows by terms of contract	Cash flow schedule until the expiration date			
			1 year or less	1 year ~ 2 years	2 years ~ 3 years	More than 3 years
Lease liabilities	₩ 446,241	₩ 461,157	₩ 117,707	₩ 91,577	₩ 61,792	₩ 190,081

(b) Amounts recognized in the consolidated statements of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

(in millions of Korean won)

	2019
Depreciation of right-of-use assets	
Land	₩ 2,900
Buildings and structures	33,392
Animals & plants	567
Others	7,068
	<u>₩ 43,927</u>
Depreciation of investment properties	₩ 6,000
Interest expense relating to lease liabilities (included in cost of sales and financial expenses)	7,110
Expense relating to short-term leases (included in cost of sales and administrative expenses)	28,606
Expense relating to leases of low-value assets that are not short-term leases (included in administrative expenses)	25,325
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)	145,955

(c) The total cash outflow from lease agreements was ₩ 263,187 million.

(d) Adjustments at the date of initial application

In applying Korean IFRS 1116 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019, as short-term leases, and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application

The change in accounting policy affected the following items in the statement of financial position on

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January 1, 2019:

- right-of-use assets: increase by ₩ 309,102 million
- investment properties: increase by ₩ 132,009 million
- net lease receivables: increase by ₩ 29,271 million
- prepaid expenses: decrease by ₩ 1,292 million
- lease liabilities: increase by ₩ 485,205 million
- retained earnings: decrease by ₩ 16,114 million

*(e) Impact on segment disclosure and earnings per share*

Segment assets and liabilities for June 2019 all increased as a result of the change in accounting policy. The following segments were affected by the change in policy:

<i>(in millions of Korean won)</i>	2019						
	Construction	Trading	Fashion	Resort	Bio	Common	Total
Segment assets	₩ 210,711	₩ 41,983	₩ 145,522	₩ 24,928	₩ 9,093	₩ 33	₩ 432,270
Segment liabilities	(208,828)	(42,202)	(161,862)	(24,951)	(8,366)	(32)	(446,241)

The impact on earnings per share of the adoption of Korean IFRS 1116 for the six-month period ended June 30, 2019 is not material.

**32.3 The Group's leasing activities and how these are accounted for**

*(a) Leasing activities*

The Group leases various offices, housing for employees, stores, heavy equipments and cars. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

*(b) Accounting policies for lease*

- Classification of lease

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

- Measurement of right-of-use assets and lease liabilities

From January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful

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life and the lease term on a straight-line basis. Meanwhile, the Group allocates the consideration to lease and non-lease components on the basis of the relative stand-alone price as at the lease commencement date or the reassessment date for any contract that contains a lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- restoration costs

- Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office equipment.

- Variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from a store. For individual stores, up to 100 per cent of lease payments are on the basis of variable payment terms and there is a wide range of sales percentages applied. Variable payment terms are used for a variety of reasons, including minimizing the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

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- Subleases

The accounting treatment as a lessor did not change significantly from the one under Korean IFRS 1017 *Leases*. If the Group is an intermediate lessor, however, the Group determines the classification of the sublease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

The Group subleased some of the buildings, and the leases are classified as operating leases or finance leases in accordance with Korean IFRS 1116.