

Samsung C&T Corporation and Subsidiaries

Consolidated Interim Financial Statements
September 30, 2018 and 2017

Samsung C&T Corporation and Subsidiaries
Index
September 30, 2018 and 2017

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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 September 30, 2018, and the related consolidated interim statements of comprehensive income for the three-month and nine-month periods ended September 30, 2018 and 2017, consolidated interim statements of changes in equity and cash flows for the nine-month periods ended September 30, 2018 and 2017, 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, 2017, 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, 2018. The consolidated statement of financial position as at December 31, 2017, presented herein for comparative purposes, is consistent, in all material respects, with the above audited statement of financial position as at December 31, 2017.

The accompanying consolidated interim financial statements as at September 30, 2018 and December 31, 2017, and for the three-month and nine-month periods ended September 30, 2018 and 2017, 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.

Seoul, Korea
November 14, 2018

This report is effective as of November 14, 2018, 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

September 30, 2018 and December 31, 2017

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

	Notes	September 30, 2018 (Unaudited)	December 31, 2017	September 30, 2018 (Unaudited)	December 31, 2017
Assets					
Current assets					
Cash and cash equivalents	7	₩ 2,538,084	₩ 2,993,152	\$ 2,281,014	\$ 2,689,990
Short-term financial instruments	7	98,172	100,721	88,229	90,519
Financial assets at fair value through profit or loss	7,12	360,119	-	323,644	-
Financial assets at fair value through other comprehensive income	7,12	239	309	215	278
Trade receivables	7,8	4,285,986	4,992,459	3,851,879	4,486,797
Other current assets	7,8	2,936,266	2,628,872	2,638,866	2,362,607
Inventories	6	1,825,712	1,533,034	1,640,794	1,377,760
Total current assets	13,36	12,044,578	12,248,547	10,824,641	11,007,951
Assets held for sale					
		2,214,139	42,851	1,989,880	38,511
Non-current assets					
Financial assets at fair value through profit or loss	7,12	60,082	24,439	53,997	21,964
Financial assets at fair value through other comprehensive income	7,12	21,241,166	23,204,424	19,089,751	20,854,160
Investments in associates and joint ventures	13	3,360,169	5,770,859	3,019,834	5,186,357
Property, plant and equipment	14	4,995,015	4,985,944	4,489,094	4,480,942
Investment properties	15	40,999	671,661	36,846	603,632
Biological assets	16	2,081	2,204	1,870	1,981
Intangible assets	14	1,234,852	1,311,472	1,109,780	1,178,639
Deferred tax assets		63,709	75,376	57,256	67,741
Other non-current assets	7,8	739,877	711,126	664,938	639,099
Total non-current assets		31,737,950	36,757,505	28,523,366	33,034,515
Total assets		₩ 45,996,667	₩ 49,048,903	\$ 41,337,887	\$ 44,080,977

Samsung C&T Corporation and Subsidiaries
Consolidated Interim Statements of Financial Position
September 30, 2018 and December 31, 2017

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

	Notes	September 30, 2018 (Unaudited)	December 31, 2017	September 30, 2018 (Unaudited)	December 31, 2017
Liabilities					
Current liabilities					
Trade payables	7	₩ 1,723,960	₩ 1,785,617	\$ 1,549,348	\$ 1,604,760
Short-term borrowings	7,17	1,472,727	2,093,310	1,323,562	1,881,289
Current portion of long-term borrowings	7,17	1,490,279	1,346,801	1,339,336	1,210,390
Current tax liabilities		408,306	51,744	366,951	46,503
Other current liabilities	5,7,10,19	8,584,674	9,180,834	7,715,174	8,250,952
Total current liabilities		13,679,946	14,458,306	12,294,371	12,993,894
Non-current liabilities					
Debentures and long-term borrowings	7,17	1,879,423	2,594,095	1,689,065	2,331,352
Net defined benefit liability	18	91,454	58,357	82,191	52,446
Deferred tax liabilities		5,643,174	6,295,263	5,071,604	5,657,646
Provisions	5,19	298,341	257,025	268,123	230,992
Other non-current liabilities	7,10	310,750	234,607	279,276	210,845
Total non-current liabilities		8,223,142	9,439,347	7,390,259	8,483,281
Total liabilities		21,903,088	23,897,653	19,684,630	21,477,175

Samsung C&T Corporation and Subsidiaries
Consolidated Interim Statements of Financial Position
September 30, 2018 and December 31, 2017

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

	Notes	September 30, 2018 (Unaudited)	December 31, 2017	September 30, 2018 (Unaudited)	December 31, 2017
Equity					
Share capital	21	19,132	19,132	17,194	17,194
Consolidated capital surplus		10,468,265	10,468,265	9,407,985	9,407,985
Other components of equity	21,22	4,918,993	6,313,950	4,420,772	5,674,441
Consolidated retained earnings		6,288,555	5,755,405	5,651,618	5,172,468
Equity attributable to owners of the Parent Company		21,694,945	22,556,752	19,497,569	20,272,088
Non-controlling interests	1	2,398,634	2,594,498	2,155,688	2,331,714
Total equity		24,093,579	25,151,250	21,653,257	22,603,802
Total liabilities and equity		₩ 45,996,667	₩ 49,048,903	\$ 41,337,887	\$ 44,080,977

The U.S. 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 Nine-Month Periods Ended September 30, 2018 and 2017

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

	Notes	2018 (Unaudited)		2017 (Unaudited)		2018 (Unaudited)		2017 (Unaudited)	
		Three months	Nine months	Three months	Nine months	Three months	Nine months	Three months	Nine months
Net sales	33	₩ 7,780,481	₩23,184,530	₩ 7,492,645	₩ 21,514,191	\$ 7,131,775	\$ 21,251,494	\$ 6,867,937	\$ 19,720,421
Cost of sales	25	6,794,078	20,210,913	6,633,049	18,847,074	6,227,614	18,525,806	6,080,011	17,275,678
Gross profit		986,403	2,973,617	859,596	2,667,117	904,161	2,725,688	787,926	2,444,743
Selling and administrative expenses	23,25	712,574	2,112,491	649,543	2,069,095	653,162	1,936,359	595,387	1,896,582
Operating profit	27,33	273,829	861,126	210,053	598,022	250,999	789,329	192,539	548,161
Other income	24	421,299	1,207,468	215,363	852,004	386,173	1,106,794	197,407	780,967
Other expenses	24	281,359	609,354	206,830	689,453	257,900	558,548	189,585	631,969
Financial income	28	80,427	198,473	32,830	150,955	73,721	181,925	30,093	138,369
Financial expenses	28	72,321	203,479	61,997	212,026	66,293	186,514	56,828	194,348
Share of profit of associates and joint ventures	13	3,803	17,700	1,580	15,504	3,486	16,224	1,448	14,212
Share of loss of associates and joint ventures	13	41,545	151,617	25,326	103,007	38,081	138,977	23,214	94,420
Profit before income tax		384,133	1,320,317	165,673	611,999	352,105	1,210,233	151,860	560,972
Income tax expense	29	150,720	380,591	34,312	183,313	138,153	348,859	31,451	168,029
Profit for the period		₩ 233,413	₩ 939,726	₩ 131,361	₩ 428,686	\$ 213,952	\$ 861,374	\$ 120,409	\$ 392,943

Samsung C&T Corporation and Subsidiaries
Consolidated Interim Statements of Comprehensive Income
Three-Month and Nine-Month Periods Ended September 30, 2018 and 2017

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

Notes	2018 (Unaudited)		2017 (Unaudited)		2018 (Unaudited)		2017 (Unaudited)	
	Three months	Nine months	Three months	Nine months	Three months	Nine months	Three months	Nine months
Other comprehensive income for the period, net of tax								
Items that may be subsequently reclassified to profit or loss								
Share of other comprehensive income of associates and joint ventures	₩ 14,173	₩ 31,519	₩ 22,134	₩ 12,061	\$ 12,991	\$ 28,891	\$ 20,289	\$ 11,055
Exchange differences	(47,475)	(8,213)	15,667	(52,759)	(43,517)	(7,528)	14,361	(48,360)
Cash flow hedge	298	(12,153)	490	(713)	273	(11,140)	449	(654)
Items that will not be reclassified to profit or loss								
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	255,288	(1,398,832)	557,407	3,767,214	234,004	(1,282,203)	510,932	3,453,119
Remeasurements of the net defined benefit liabilities	-	-	-	11	-	-	-	10
	222,284	(1,387,679)	595,698	3,725,814	203,751	(1,271,980)	546,031	3,415,170
Total comprehensive income (loss) for the period	₩ 455,697	₩ (447,954)	₩ 727,059	₩ 4,154,499	\$ 417,703	\$ (410,606)	\$ 666,440	\$ 3,808,113

Samsung C&T Corporation and Subsidiaries
Consolidated Interim Statements of Comprehensive Income
Three-Month and Nine-Month Periods Ended September 30, 2018 and 2017

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

	Notes	2018 (Unaudited)		2017 (Unaudited)		2018 (Unaudited)		2017 (Unaudited)	
		Three months	Nine months	Three months	Nine months	Three months	Nine months	Three months	Nine months
Profit for the period attributable to:									
Owners of the Parent Company		₩ 280,612	₩ 1,045,057	₩ 150,911	₩ 484,172	\$ 257,216	\$ 957,924	\$ 138,329	\$ 443,803
Non-controlling interest	1	(47,199)	(105,331)	(19,550)	(55,486)	(43,264)	(96,550)	(17,920)	(50,860)
Total comprehensive income (loss) for the period attributable to:									
Owners of the Parent Company		506,018	(350,346)	744,989	4,230,009	463,828	(321,136)	682,875	3,877,327
Non-controlling interest		(50,321)	(97,608)	(17,930)	(75,510)	(46,125)	(89,470)	(16,435)	(69,214)
Earnings per share:	30								
Basic earnings per share		₩ 1,701	₩ 6,336	₩ 915	₩ 2,935	\$ 1.56	\$ 5.81	\$ 0.84	\$ 2.69

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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

Nine-Month Periods Ended September 30, 2018 and 2017

(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
Balance at January 1, 2017	₩ 19,132	₩ 10,468,266	₩ 5,229,977	₩ 2,584,211	₩ 2,804,124	₩ 21,105,710	\$ 17,194	\$ 9,407,986	\$ 4,700,258	\$ 2,322,469	\$ 2,520,108	\$ 18,968,015
Cumulative effect of changes in accounting policy	-	-	(16,550)	551	-	(15,999)	-	-	(14,874)	495	-	(14,379)
Beginning balance after adjustments	19,132	10,468,266	5,213,427	2,584,762	2,804,124	21,089,711	17,194	9,407,986	4,685,384	2,322,964	2,520,108	18,953,636
Total comprehensive income:												
Profit for the period	-	-	484,172	-	(55,486)	428,686	-	-	435,133	-	(49,867)	385,266
Changes in the fair value of financial assets at fair value through other comprehensive income	-	-	-	3,767,214	-	3,767,214	-	-	-	3,385,651	-	3,385,651
Reclassification from disposal of financial assets at fair value through other comprehensive income	-	-	(1,105)	1,105	-	-	-	-	(993)	993	-	-
Share of other comprehensive income of associates and joint ventures	-	-	-	14,445	(2,384)	12,061	-	-	-	12,982	(2,143)	10,839
Exchange differences	-	-	-	(35,096)	(17,663)	(52,759)	-	-	-	(31,541)	(15,874)	(47,415)
Cash flow hedge	-	-	-	(737)	24	(713)	-	-	-	(663)	22	(641)
Remeasurements of the net defined benefit liabilities	-	-	11	-	-	11	-	-	10	-	-	10
Transactions with owners:												
Cash dividends	-	-	(90,785)	-	(3,772)	(94,557)	-	-	(81,591)	-	(3,390)	(84,981)
Changes in the scope of consolidation	-	-	-	-	(3,986)	(3,986)	-	-	-	-	(3,582)	(3,582)
Others	-	(1)	(102)	-	(95)	(198)	-	(1)	(91)	-	(85)	(177)
Balance at September 30, 2017 (Unaudited)	₩ 19,132	₩ 10,468,265	₩ 5,605,618	₩ 6,331,693	₩ 2,720,762	₩ 25,145,470	\$ 17,194	\$ 9,407,985	\$ 5,037,852	\$ 5,690,386	\$ 2,445,189	\$ 22,588,606

Samsung C&T Corporation and Subsidiaries
Consolidated Interim Statements of Changes in Equity
Nine-Month Periods Ended September 30, 2018 and 2017

(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
Balance at January 1, 2018		₩ 19,132	₩ 10,468,265	₩ 5,755,405	₩ 6,313,950	₩ 2,594,498	₩25,151,250	\$ 17,194	\$ 9,407,985	\$ 5,172,468	\$ 5,674,441	\$ 2,331,714	\$ 22,603,802
Cumulative effect of changes in accounting policy	35	-	-	(181,400)	-	(88,024)	(269,424)	-	-	(163,027)	-	(79,108)	(242,135)
Beginning balance after adjustments		19,132	10,468,265	5,574,005	6,313,950	2,506,474	24,881,826	17,194	9,407,985	5,009,441	5,674,441	2,252,606	22,361,667
Total comprehensive income:													
Profit for the period		-	-	1,045,057	-	(105,331)	939,726	-	-	939,208	-	(94,663)	844,545
Changes in the fair value of financial assets at fair value through other comprehensive income	12	-	-	-	(1,398,832)	-	(1,398,832)	-	-	-	(1,257,152)	-	(1,257,152)
Reclassification from disposal of financial assets at fair value through other comprehensive income		-	-	(446)	446	-	-	-	-	(401)	401	-	-
Share of other comprehensive income of associates and joint ventures	13	-	-	-	30,786	733	31,519	-	-	-	27,668	658	28,326
Exchange differences		-	-	-	(15,117)	6,904	(8,213)	-	-	-	(13,586)	6,205	(7,381)
Cash flow hedge	20	-	-	-	(12,240)	87	(12,153)	-	-	-	(11,000)	78	(10,922)
Transactions with owners:													
Cash dividends		-	-	(329,938)	-	(9,553)	(339,491)	-	-	(296,519)	-	(8,585)	(305,104)
Others		-	-	(123)	-	(680)	(803)	-	-	(111)	-	(611)	(722)
Balance at September 30, 2018 (Unaudited)		₩ 19,132	₩ 10,468,265	₩ 6,288,555	₩ 4,918,993	₩ 2,398,634	₩24,093,579	\$ 17,194	\$ 9,407,985	\$ 5,651,618	\$ 4,420,772	\$ 2,155,688	\$ 21,653,257

The U.S. 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 changes in equity should be read in conjunction with the accompanying notes.

Samsung C&T Corporation and Subsidiaries
Consolidated Interim Statements of Cash flows
Nine-Month Periods Ended September 30, 2018 and 2017

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

	Notes	Nine-month period ended September 30			
		2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Unaudited)
Cash flows from operating activities					
Cash generated from operations	32	₩ 571,475	₩ 436,519	\$ 513,593	\$ 392,306
Interest received		98,062	135,255	88,130	121,556
Interest paid		(146,910)	(147,773)	(132,030)	(132,806)
Dividends received		509,295	360,326	457,711	323,830
Income taxes paid		(91,970)	(173,145)	(82,655)	(155,608)
Net cash inflow from operating activities		<u>939,952</u>	<u>611,182</u>	<u>844,749</u>	<u>549,278</u>
Cash flows from investing activities					
Disposal of assets held for sale		9,273	-	8,334	-
Decrease in short-term financial instruments		2,064	965,791	1,855	867,971
Decrease in short-term loans		-	10,421	-	9,366
Disposal of financial assets at fair value through profit or loss	12	390,024	11,555	350,520	10,385
Disposal of financial assets at fair value through other comprehensive income	12	797	47,676	716	42,847
Disposal of investments in subsidiaries		1	208	1	187
Disposal of investments in associates and joint ventures	13	26,649	157,773	23,950	141,793
Decrease in long-term receivables		2,671	27,508	2,400	24,722
Decrease in deposits		34,244	45,870	30,776	41,224
Disposal of property, plant and equipment	14	155,793	36,388	140,013	32,702
Disposal of intangible assets	14	2,464	54,873	2,214	49,315
Disposal of investment properties		869,314	527	781,265	474
Decrease in other non-current assets		-	1	-	1
Increase in short-term loans		(70,175)	-	(63,067)	-
Acquisition of financial assets at fair value through profit or loss	12	(750,435)	(156)	(674,427)	(140)
Acquisition of financial assets at fair value through other comprehensive income	12	(2,852)	(9,073)	(2,563)	(8,154)
Acquisition of investments in associates and joint ventures	13	(10,712)	(248,709)	(9,627)	(223,518)
Increase in long-term receivables		(17,713)	(142,375)	(15,919)	(127,955)
Increase in deposits		(53,290)	(42,146)	(47,893)	(37,877)
Acquisition of property, plant and equipment	14	(355,735)	(514,382)	(319,704)	(462,283)
Acquisition of intangible assets	14	(41,991)	(44,094)	(37,738)	(39,628)
Increase in other non-current assets		(1,338)	(7,634)	(1,201)	(6,862)
Net cash inflow from investing activities		<u>189,053</u>	<u>350,022</u>	<u>169,905</u>	<u>314,570</u>

Samsung C&T Corporation and Subsidiaries
Consolidated Interim Statements of Cash flows
Nine-Month Periods Ended September 30, 2018 and 2017

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

	Nine-month Period Ended September 30				
	Notes	2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Unaudited)
Cash flows from financing activities					
Net increase in short-term borrowings		-	341,652	-	307,048
Proceeds from bonds issuance		189,579	-	170,377	-
Increase in long-term borrowings		168,411	240,076	151,353	215,760
Increase in leasehold deposits received		60	-	54	-
Dividends paid to shareholders		(329,938)	(90,786)	(296,520)	(81,591)
Net decrease in short-term borrowings		(638,015)	-	(573,393)	-
Repayment of current portion of long-term borrowings		(876,250)	(1,182,934)	(787,499)	(1,063,120)
Early redemption of long-term borrowings		(80,322)	(278,836)	(72,187)	(250,594)
Dividends paid to the non-controlling interests		(9,553)	(3,772)	(8,585)	(3,390)
Decrease in leasehold deposits received		(1,134)	-	(1,019)	-
Net decrease in other components of equity		-	(990)	-	(890)
Net cash outflow from financing activities		<u>(1,577,162)</u>	<u>(975,590)</u>	<u>(1,417,419)</u>	<u>(876,777)</u>
Net decrease in cash and cash equivalents		(448,157)	(14,386)	(402,765)	(12,929)
Cash and cash equivalents at the beginning of the period		2,993,152	2,698,530	2,689,990	2,425,209
Effects of exchange rate changes on cash and cash equivalents		(6,911)	(27,055)	(6,211)	(24,315)
Cash and cash equivalents at the end of the period		<u>₩ 2,538,084</u>	<u>₩ 2,657,089</u>	<u>\$ 2,281,014</u>	<u>\$ 2,387,965</u>

The U.S. 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

September 30, 2018 and 2017 (Unaudited), and December 31, 2017

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 117 subsidiaries, including Samsung BioLogics Co., Ltd. (collectively referred to as the “Group”) and 53 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 the 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.

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1.2 Subsidiaries

(a) General information of subsidiaries as at September 30, 2018, 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 ²	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 Oil & Gas USA Corp.	Natural resources development	78,895	83,889	75,500	8,389	100.00	U.S.A.	Samsung C&T America, Inc. 10%
Samsung Renewable Energy, Inc.	Renewable energy development	22,867	2,000	2,000	-	100.00	Canada	
Samsung Green Repower, LLC. ¹	Renewable energy development	2,863	-	-	-	100.00	U.S.A.	Samsung C&T America, Inc. 100%
SCNT Power Norte S. de R.L. de C.V.	Thermal power generation	9,378	112,683,150	112,683,150	-	100.00	Mexico	
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.	

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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	Total			
Parallel Petroleum LLC. ¹	Natural resources development	₩ 837,480	-	-	-	51.00	U.S.A.	PLL Holdings LLC. 61%
SRE GRW EPC GP, Inc. ¹	Renewable energy development	8	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE GRW EPC LP ¹	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. ¹	Renewable energy development	11	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE SKW EPC LP ¹	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.	Construction	-	1	1	1	100.00	Canada	
PLL Holdings LLC. ¹	Natural resources development	238,537	-	-	-	83.61	U.S.A.	Samsung C&T Oil & Gas Parallel Corp. 83.61%
SRE GRW LP Holdings LP ¹	Renewable energy development	24,248	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 99.99%, SRE Wind GP Holdings, Inc. 0.01%
SRE SKW LP Holdings LP ¹	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. ¹	Renewable energy development	8	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE WIND PA LP ¹	Renewable energy development	11	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 99.99%, SRE Wind PA GP Inc. 0.01%

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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			
PLL E&P LLC. ¹	Natural resources development	₩ 34,733	-	-	-	90.00	U.S.A.	Samsung C&T Oil & Gas Parallel Corp. 90%
SRE GRS Holdings GP Inc. ¹	Renewable energy development	6	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE GRS Holdings LP ¹	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. ¹	Renewable energy development	6	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE K2 EPC LP ¹	Renewable energy development	-	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 99.99%, SRE K2 EPC GP Inc. 0.01%
SRE KS Holdings GP Inc. ¹	Renewable energy development	7	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE KS Holdings LP ¹	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 ¹	Renewable energy development	32,706	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 99.99%, SRE Belle River GP Holdings Inc. 0.01%
SRE Arnow EPC GP Inc. ¹	Renewable energy development	8	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%

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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			
SRE Armow EPC LP ¹	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 ¹	Renewable energy development	5,353	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 99.99%, SRE Wind GP Holdings, Inc. 0.01%
SRE North Kent 1 LP Holdings LP ¹	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. ¹	Renewable energy development	124	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE North Kent 2 LP Holdings LP ¹	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. ¹	Renewable energy development	9	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE Solar Development LP ¹	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. ¹	Renewable energy development	9	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE Southgate Holdings GP Inc. ¹	Renewable energy development	12	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%

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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			
SRE Solar Construction Management GP Inc. ¹	Renewable energy development	₩ 4	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE Solar Construction Management LP ¹	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. ¹	Renewable energy development	3	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE Development LP ¹	Renewable energy development	184	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 99.99%, SRE Development GP Inc. 0.01%
SRE BRW EPC GP Inc. ¹	Renewable energy development	3	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE BRW EPC LP ¹	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. ¹	Renewable energy development	20	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE North Kent 2 GP Holdings Inc. ¹	Renewable energy development	4	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE Belle River GP Holdings Inc. ¹	Renewable energy development	17	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE NK1 EPC GP Inc. ¹	Renewable energy development	3	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%

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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			
SRE NK1 EPC LP ¹	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. ¹	Renewable energy development	-	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 100%
SRE Summerside Construction LP ¹	Renewable energy development	9	-	-	-	100.00	Canada	Samsung Renewable Energy, Inc. 99.99%, SRE Summerside Construction GP Inc. 0.01%
Samsung Solar Energy LLC. ¹	Renewable energy development	4,154	-	-	-	100.00	U.S.A.	Samsung C&T America, Inc. 100%
Samsung Solar Energy 1 LLC. ¹	Renewable energy development	2,555	-	-	-	100.00	U.S.A.	Samsung Solar Energy LLC. 100%
Samsung Solar Energy 2 LLC. ¹	Renewable energy generation	1,589	-	-	-	100.00	U.S.A.	Samsung Solar Energy LLC. 100%
Samsung C&T Deutschland GmbH ¹	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	
Whesoe Engineering Limited	Industrial plant engineering	-	138	138	-	100.00	United Kingdom	
POSS-SLPC S.R.O. ¹	Production of steel products	5,967	-	-	-	70.00	Slovakia	Samsung C&T Deutschland GmbH 20%
Solluce Romania 1 B.V. ¹	Renewable energy development	33,517	-	-	-	100.00	Netherlands	Samsung C&T Deutschland GmbH 20%

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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			
Ecosolar OOD	Renewable energy development	₩ 6,647	13,868,610	13,868,610	-	100.00	Bulgaria	
Ecoenergy Solar OOD	Renewable energy development	4,050	9,463,357	9,463,357	-	100.00	Bulgaria	
Agriplam EOOD	Renewable energy development	1,315	26,577	26,577	-	100.00	Bulgaria	
Fishtrade EOOD	Renewable energy development	3,260	27,249	27,249	-	100.00	Bulgaria	
Manageproject EOOD	Renewable energy development	2,274	305,785	305,785	-	100.00	Bulgaria	
Solar Park EOOD	Renewable energy development	3,514	160,647	160,647	-	100.00	Bulgaria	
Veselinovo Energy OOD	Renewable energy development	246	98,429	98,429	-	100.00	Bulgaria	
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 ¹	Trading	3,554	-	-	-	100.00	Vietnam	Samsung C&T Singapore Pte. Ltd. 48.33%
S-Print Inc. ¹	Production of textile	2,245	-	-	-	80.00	Vietnam	Samsung C&T America, Inc. 24%, Samsung C&T Singapore Pte. Ltd. 16%
Samsung C&T (Thailand) Co., Ltd.	Trading	126	409,600	180,000	54,000	57.13	Thailand	Samsung C&T Hongkong Limited 13.18%
PT. Insam Batubara Energy coal	Wholesale and retail of coal	1,037	1,000,000	900,000	100,000	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	-	100.00	India	

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				Samsung C&T Subsidiaries	Total			
Samsung C&T Corporation India Private Ltd.	Trading	₩ 3,455	16,500,001	16,500,001	-	100.00	India	
MSSC Sdn., Bhd.	Production of steel products	4,928	44,974	31,482	13,492	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	-	100.00	Singapore	
S&G Bio Fuel Pte. Ltd.	Natural resources development	45,922	46,312,500	23,400,000	5,850,000	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	60.00	Indonesia	S&G Bio Fuel Pte. Ltd. 95%
PT Inecda	Natural resources development	11,320	100,000,000	-	95,000,000	60.00	Indonesia	S&G Bio Fuel Pte. Ltd. 95%
SAMSUNG C&T Mongolia LLC. ¹	Construction	1,215	-	-	-	70.00	Mongolia	
Samsung C&T Eng.&Const. Mongolia LLC. ¹	Construction	598	-	-	-	100.00	Mongolia	
S&Woo Construction Philippines, Inc. ²	Construction	239	9,400	3,760	-	40.00	Philippines	
SAMOO DESIGNERS & ENGINEERS INDIA PRIVATE LIMITED	Architectural design service	192	1,100,000	-	1,100,000	100.00	India	Samoo Architects & Engineers Co., Ltd. 100%
Samsung (Tianjin) International Trading Co., Ltd. ¹	Trading	382	-	-	-	100.00	China	Samsung C&T Hongkong Limited 100%
Samsung Trading (Shanghai) Co., Ltd. ¹	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	

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				Samsung C&T Subsidiaries	Total			
Samsung Precision Stainless Steel (Pinghu) Co., Ltd. ¹	Production of steel products	₩ 82,979	-	-	-	100.00	China	Samsung C&T Hongkong Limited 45%
Samsung C&T (Shanghai) Co., Ltd. ¹	Construction	11,066	-	-	-	100.00	China	
Samsung C&T (Xi'an) Co., Ltd. ¹	Construction	1,428	-	-	-	100.00	China	
Samsung C&T Corporation Saudi Arabia ¹	Construction	143,425	-	-	-	100.00	Saudi Arabia	
SAM Gulf Investment Limited	Investment	12	38,912	38,912	-	100.00	Bahrain	
Samsung C&T Chile Copper SpA	Natural resources development	12,918	11,535,517	11,535,517	-	100.00	Chile	
SCNT Power Kelaar Inversiones LTDA.	Thermal power generation	42,705	100	100	-	100.00	Chile	
S.C. Otelinnox 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. ¹	Construction	6,303	-	-	-	100.00	Russia	
Samsung Biologics Co., Ltd. ³	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. ¹	Manufacturing and selling garments	8,813	-	-	-	100.00	Italy	
Colombo Via della Spiga S.R.L. ¹	Manufacturing and selling garments	144	-	-	-	100.00	Italy	Cheil Industries Italy S.R.L. 100%

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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 Fashion Trading (Shanghai) Co., Ltd. ¹	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. ¹	Construction	1,143	-	-	-	100.00	Vietnam	
Welstory Vietnam Co., Ltd. ¹	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. ¹	Foodservice business	2,536	-	-	-	85.00	China	Samsung Welstory Inc. 85%
Shanghai Welstory Food Company Limited ¹	Foodservice business	4,861	-	-	-	70.00	China	Samsung Welstory Inc. 70%
Eight Seconds (Shanghai) Co., Ltd. ¹	Selling garments	19,434	-	-	-	100.00	China	Samsung Fashion Trading Co., Ltd. 100%
Eight Seconds (Shanghai) Trading Co., Ltd. ¹	Selling garments	10,525	-	-	-	100.00	China	Eight Seconds (Shanghai) Co., Ltd. 100%

¹ No share has been issued in accordance with the local laws and regulations.

² 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.

³ 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, the Parent Company is deemed to have de facto control although it has less than 50% ownership interest.

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(b) Summarized financial information of subsidiaries as at and for the nine-month period ended September 30, 2018, 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.	₩ 618,893	₩ 294,980	₩ 37,337	₩ 8,110	₩ 8,110
Samoo Architects & Engineers Co., Ltd.	105,538	55,109	159,648	6,382	6,382
CVnet Corporation	46,661	26,841	56,613	2,354	2,354
Myodo Metal Co., Ltd.	100,638	92,619	98,896	1,778	1,417
Samsung C&T Japan Corporation	236,053	168,927	916,010	3,798	1,509
Samsung C&T America, Inc.	563,520	333,798	594,452	5,649	4,153
Samsung Oil & Gas USA Corp.	7,921	5,018	-	(798)	(532)
Samsung Renewable Energy, Inc.	139,458	95,593	-	14,780	14,251
Samsung Green Repower, LLC.	9,279	49	-	(2)	(18)
SCNT Power Norte S. de R.L. de C.V.	52,008	42,361	-	(467)	(449)
Samsung E&C America, Inc.	41,440	22,492	62,426	1,810	1,670
Samsung Solar Construction, Inc.	32	-	-	(1)	(1)
QSSC, S.A. de C.V.	88,827	77,393	116,765	1,204	1,091
Samsung C&T Oil & Gas Parallel Corp.	304,928	338,975	-	(8,618)	(6,606)
Parallel Petroleum LLC.	488,459	45,939	60,313	18,748	13,803
SRE GRW EPC GP, Inc.	-	-	-	-	-
SRE GRW EPC LP	46	-	-	-	-
SRE SKW EPC GP, Inc.	2	-	-	-	-
SRE SKW EPC LP	36	-	-	-	-
Samsung C&T Canada Ltd.	182,704	263,842	131,011	(31,892)	(32,666)
PLL Holdings LLC.	523,646	260,251	-	6,826	8,738
SRE GRW LP Holdings LP	31,432	26	-	2,135	2,299
SRE SKW LP Holdings LP	72,577	2	-	21,867	22,348
SRE WIND PA GP Inc.	-	1	-	-	-
SRE WIND PA LP	4,630	22	1,409	1,412	1,445
PLL E&P LLC.	18,094	3,879	1,872	477	356
SRE GRS Holdings GP Inc.	2	1	-	-	-
SRE GRS Holdings LP	1,322	2	-	283	294
SRE K2 EPC GP Inc.	-	-	-	-	-
SRE K2 EPC LP	821	-	-	10	17
SRE KS Holdings GP Inc.	5	1	-	-	-

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(in millions of Korean won)

Subsidiaries	Total assets	Total liabilities	Revenue	Profit (loss) for the period	Total comprehensive income (loss)
SRE KS Holdings LP	₩ 1,703	₩ 2	₩ -	₩ 272	₩ 281
SRE Belle River LP Holdings LP	32,546	2	-	200	243
SRE Armow EPC GP Inc.	2	-	-	-	-
SRE Armow EPC LP	1,081	-	-	13	23
SRE Armow LP Holdings LP	56,743	2	-	12,061	12,211
SRE North Kent 1 LP Holdings LP	20,005	2	-	64	88
SRE Wind GP Holdings, Inc.	113	5	-	2	3
SRE North Kent 2 LP Holdings LP	201	2	-	-	-
SRE Solar Development GP Inc.	3	1	-	-	-
SRE Solar Development LP	200	4	-	2	4
SRE Windsor Holdings GP Inc.	7	1	-	-	-
SRE Southgate Holdings GP Inc.	6	1	-	-	-
SRE Solar Construction Management GP Inc.	3	1	-	-	-
SRE Solar Construction Management LP	1,266	2	-	14	25
SRE Development GP Inc.	1	1	-	-	-
SRE Development LP	60	4	-	25	25
SRE BRW EPC GP Inc.	1	-	-	-	-
SRE BRW EPC LP	7,527	-	-	92	157
SRE North Kent 1 GP Holdings Inc.	19	1	-	-	-
SRE North Kent 2 GP Holdings Inc.	3	1	-	-	-
SRE Belle River GP Holdings Inc.	16	1	-	-	-
SRE NK1 EPC GP Inc.	1	-	-	-	-
SRE NK1 EPC LP	7,406	1,081	601	664	716
SRE Summerside Construction GP Inc.	-	-	-	-	-
SRE Summerside Construction LP	226	10	13	(35)	(33)
Samsung Solar Energy LLC.	4,148	-	-	(5)	(5)
Samsung Solar Energy 1 LLC.	2,699	-	-	(2)	(13)
Samsung Solar Energy 2 LLC.	1,491	-	-	(175)	(189)
Samsung C&T Deutschland GmbH	464,154	222,465	525,802	36,342	35,992
Samsung C&T U.K. Ltd.	38,515	23,671	107,350	854	748
Samsung C&T ECUK Limited	82,805	128,340	80,826	6,456	6,844
Whessoe Engineering Limited	2,792	9,960	7,495	(1,242)	(1,187)
POSS-SLPC S.R.O.	35,413	23,399	43,224	706	683

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Subsidiaries	Total assets	Total liabilities	Revenue	Profit (loss) for the period	Total comprehensive income (loss)
Solluce Romania 1 B.V.	₩ 32,991	₩ 336	₩ -	₩ (68)	₩ (68)
Ecosolar OOD	26,399	19,754	5,165	2,477	2,491
Ecoenergy Solar OOD	17,004	13,191	3,371	1,534	1,546
Agriplam EOOD	6,406	5,819	1,475	706	717
Fishtrade EOOD	7,531	5,854	1,462	622	635
Manageproject EOOD	7,407	5,698	1,457	598	606
Solar Park EOOD	3,403	2,903	726	306	311
Veselinovo Energy OOD	5,438	5,009	1,382	691	703
Samsung C&T (KL) Sdn. Bhd.	138,250	121,546	201,052	25,925	25,400
Samsung C&T Malaysia Sdn. Bhd.	2,303	38	1,050	61	(13)
Samsung Chemtech VINA	53,121	43,927	117,192	4,415	4,182
S-Print, Inc.	9,660	13,043	13,403	397	482
Samsung C&T (Thailand) Co., Ltd.	23,229	13,596	42,956	3,163	3,288
PT. Insam Batubara Energy	15	2,039	-	-	16
Samsung C&T India Private Ltd.	180,595	174,904	341,264	11,048	10,758
Samsung C&T Corporation India Private Ltd.	1,678	2,056	2,356	(719)	(698)
MSSC Sdn.,Bhd.	28,666	22,899	46,475	(123)	(316)
Samsung C&T Singapore Pte. Ltd.	193,175	174,256	964,358	2,399	2,311
S&G Bio Fuel Pte. Ltd.	120,785	62,749	-	(2,840)	(2,391)
PT Gandaerah Hendana	32,645	29,687	27,425	7,703	6,893
PT Inecda	36,277	8,353	18,664	5,573	3,870
SAMSUNG C&T Mongolia LLC.	21,433	13,297	106	351	(17)
Samsung C&T Eng.&Const. Mongolia LLC.	27,225	13,126	19,353	10,659	9,930
S&Woo Construction Philippines, Inc.	9,244	8,154	7,393	(590)	(607)
SAMOO DESIGNERS & ENGINEERS INDIA PRIVATE LIMITED	1,644	659	1,976	359	299
Samsung (Tianjin) International Trading Co., Ltd.	1,235	16	-	54	(43)
Samsung Trading (Shanghai) Co., Ltd.	54,266	29,805	166,269	5,425	4,319
Samsung C&T Hongkong Limited	255,459	135,816	2,413,463	21,522	21,199
Samsung C&T Taiwan Co., Ltd.	5,706	319	2,405	721	694
Samsung Precision Stainless Steel (Pinghu) Co., Ltd.	82,083	10,712	50,082	4,359	1,034
Samsung C&T (Shanghai) Co., Ltd.	60,923	33,607	52,266	7,653	5,436
Samsung C&T (Xi'an) Co., Ltd.	125,728	107,508	154,654	15,828	15,117

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Subsidiaries	Total assets	Total liabilities	Revenue	Profit (loss) for the period	Total comprehensive income (loss)
Samsung C&T Corporation Saudi Arabia	₩ 103,698	₩ 318,458	₩ 105,953	₩ 25,499	₩ 27,652
SAM Gulf Investment Limited	12	71	-	(6)	(6)
Samsung C&T Chile Copper SpA	6,201	-	-	(5)	(55)
SCNT Power Kelar Inversiones LTDA.	72,688	29,665	-	354	346
S.C. Otelinox S.A.	59,364	6,603	33,626	1,598	1,476
Samsung Corporation Rus LLC.	84,474	44,131	22,168	6,190	4,332
Samsung BioLogics Co., Ltd.	8,226,861	3,755,210	362,398	940	602
Cheil Fashion Retail Co., Ltd.	2,778	1,609	15,642	(1,971)	(1,971)
Natural 9 Co., Ltd.	2,072	1,005	1,446	(1,430)	(1,430)
Cheil Industries Corp., USA	1,009	487	1,123	23	18
Cheil Industries Italy S.R.L.	19,863	9,977	39,524	347	348
Colombo Via della Spiga S.R.L.	6,168	2,281	3,818	66	59
Samsung Fashion (Shanghai) Trading Co., Ltd.	103,495	66,276	111,364	(6,343)	(7,265)
Samsung Welstory Inc.	604,815	205,910	1,340,995	46,989	46,986
Cheil Industries Inc. Vietnam Co., Ltd.	3,308	1,800	-	(185)	(222)
Welstory Vietnam Co., Ltd.	30,495	17,185	71,931	1,086	769
Samsung C&T Corporation UEM Construction JV Sdn. Bhd.	91,344	147,789	83,948	(55,224)	(53,538)
Shanghai Ever Hongjun Business Management Service Co., Ltd.	12,708	8,193	47,136	962	759
Shanghai Welstory Food Company Limited	9,341	7,911	30,644	(1,137)	(1,215)
Eight Seconds (Shanghai) Co., Ltd.	19,265	7,400	3,744	2,960	3,104
Eight Seconds (Shanghai) Trading Co., Ltd.	2,708	11,948	838	(10,321)	(10,321)

¹ 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.

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1.3 Investments in Associates and Joint Ventures

General information of associates and joint ventures as at September 30, 2018, is as follows (Note 13):

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	₩ 381,128	76,225,515	24,026,500	-	24,026,500	31.52	Korea
Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd. ¹	Property development	48,274	-	-	-	-	40.00	China
Qurayyah Investment Company ¹	Construction	364,679	-	-	-	-	35.00	Saudi Arabia
Songdo Landmark City Limited ³	Property development	67,559	13,511,814	5,936,624	-	5,936,624	43.94	Korea
Chongqing Shanxia Technology Textile Co., Ltd. ¹	Cotton thread manufacturing	77,223	-	-	-	-	20.00	China
Samsung Bioepis Co., Ltd. ⁴	Research and development on medicine and pharmacy	103,419	20,683,705	-	19,567,921	19,567,921	94.61	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		
Korea LNG Limited	Natural resources development	₩ 14	12,000	2,400	-	20.00	Bermuda
SP Belle River LP ¹	Renewable energy development	54,619	-	-	-	42.49	Canada
JSC Balkhash Thermal Power Plant ²	Internal combustion power plant	383,810	6,417,058	3,208,530	-	50.01	Kazakhstan
LJG Green Source Energy Alpha S.R.L. ^{1,2}	Renewable energy development (Solar energy generation)	29	-	-	-	78.00	Romania

¹ No share has been issued in accordance with the local laws and regulations.

² Excluded from the scope of consolidation as it is a joint venture under a contractual arrangement.

³ The investments in associates are classified as assets held for sale.

⁴ Although the Group holds 94.61% ownership interest of Samsung Bioepis Co., Ltd., it is classified as an associate since the potential voting right of non-controlling interest (Biogen Therapeutics Inc.) is substantive and the Group is unable to control the relevant activities unilaterally under the agreement. Since Biogen Therapeutics Inc. exercised a call option to purchase shares of Samsung Bioepis Co., Ltd. on June 29, 2018, the shares of Samsung Bioepis Co., Ltd. amounting to ₩2,193,617 million, which would be transferred at the completion date of share transaction, were reclassified to assets held for sale. Meanwhile, Biogen Therapeutics Inc. completed all the legal process of the share purchase on November 7, 2018. As a result, the ownership of the shares subject to the call option has been transferred to Biogen Therapeutics Inc (Note 37).

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1.4 Changes in Scope of Consolidation

Subsidiary newly included in the consolidation for the nine-month period ended September 30, 2018 is as follows:

Subsidiary	Description
Samsung Solar Energy 2 LLC.	Newly established

Subsidiaries excluded from the consolidation for the nine-month period ended September 30, 2018 are as follows:

Subsidiary	Description
Samsung C&T Guangzhou Ltd.	Liquidation
Samsung C&T Construction Hungary Kft.	Liquidation

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 September 30, 2018 and December 31, 2017, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2018		December 31, 2017	
Samsung BioLogics Co., Ltd.	₩	2,225,440	₩	2,387,321
Others		173,194		207,177
	₩	<u>2,398,634</u>	₩	<u>2,594,498</u>

Profit or loss attributed to the non-controlling interests for the three-month and nine-month periods ended September 30, 2018 and 2017, is as follows:

<i>(in millions of Korean won)</i>	2018				2017			
	Three months		Nine months		Three months		Nine months	
Samsung BioLogics Co., Ltd.	₩	(23,354)	₩	(74,574)	₩	(21,779)	₩	(69,646)
Others		<u>(23,845)</u>		<u>(30,757)</u>		2,229		14,160
	₩	<u>(47,199)</u>	₩	<u>(105,331)</u>	₩	<u>(19,550)</u>	₩	<u>(55,486)</u>

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Dividends paid to the non-controlling interests for the nine-month periods ended September 30, 2018 and 2017, are as follows:

<i>(in millions of Korean won)</i>	2018		2017	
Parallel Petroleum LLC.	₩	9,457	₩	2,442
Others		96		1,330
	₩	<u>9,553</u>	₩	<u>3,772</u>

Summarized financial information for each subsidiary with non-controlling interests that are material to the Group as at September 30, 2018 and December 31, 2017, and for the nine-month periods ended September 30, 2018 and 2017, 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>	Samsung BioLogics Co., Ltd.			
	September 30, 2018		December 31, 2017	
Current assets (including assets held for sale)	₩	3,007,470	₩	619,850
Non-current assets		4,540,001		6,839,588
Current liabilities		2,353,610		2,288,508
Non-current liabilities		1,259,166		949,888
Equity		3,934,695		4,221,042

Summarized Statement of Comprehensive Income

<i>(in millions of Korean won)</i>	Samsung BioLogics Co., Ltd.			
	2018		2017	
	Three months	Nine months	Three months	Nine months
Net sales	₩ 101,067	₩ 362,398	₩ 127,453	₩ 298,318
Loss for the period	(41,242)	(131,800)	(38,506)	(123,137)
Other comprehensive income	(734)	1,012	266	(4,216)
Total comprehensive loss	(41,976)	(130,788)	(38,240)	(127,353)

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Summarized Statement of Cash Flows

(in millions of Korean won)

	Samsung BioLogics Co., Ltd.	
	2018	2017
Cash flows from operating activities	₩ (65,393)	₩ 34,775
Cash flows from investing activities	(610,041)	394,760
Cash flows from financing activities	336,441	(343,931)
Increase (decrease) in cash and cash equivalents	(338,993)	85,604
Cash and cash equivalents at the beginning of the period	358,088	230,338
Effects of exchange rate changes on cash and cash equivalents	-	96
Cash and cash equivalents at the end of the period	₩ 19,095	₩ 316,038

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 nine-month period ended September 30, 2018, 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 September 30, 2018.

(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, 2018.

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

When an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the entity may elect to measure that investment at fair value through profit or loss in accordance with Korean IFRS 1109. The amendment does not have a significant impact on the financial statements because the Group is not a venture capital organization.

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- Amendment to Korean IFRS 1040 *Transfers of Investment Property*

Paragraph 57 of Korean IFRS 1040 clarifies that a transfer to, or from, investment property, including property under construction, can only be made if there has been a change in use that is supported by evidence, and provides a list of circumstances as examples. The Group does not expect the amendment to have a significant impact on the financial statements.

- Amendments to Korean IFRS 1102 *Share-based Payment*

Amendments to Korean IFRS 1102 clarify accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. Amendments also clarify that the measurement approach should treat the terms and conditions of a cash-settled award in the same way as for an equity-settled award. The amendment does not have a significant impact on the financial statements.

- Enactment of Interpretation 2122 *Foreign Currency Transaction and Advance Consideration*

According to the enactment, the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. The enactment does not have a significant impact on the financial statements.

- Enactment of Korean IFRS 1115 *Revenue from Contracts with Customers*

The Group has elected to apply Korean IFRS 1115 *Revenue from Contracts with Customers*. In accordance with the transition provisions in Korean IFRS 1115, comparative figures have not been restated. The Group elected the modified retrospective approach, and recognized the cumulative impact of initially applying the revenue standard as an adjustment to retained earnings as at January 1, 2018, the period of initial application. See Note 35 for further details on the impact of the application of the standard.

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

Certain new accounting standards and interpretations that have been published that are not mandatory for annual reporting period commencing January 1, 2018 and have not been early adopted by the Group are set out below.

- Enactment of Korean IFRS 1116 *Leases*

Korean IFRS 1116 *Leases* issued on May 22, 2017 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. This standard will replace Korean IFRS 1017 *Leases*. The Group will apply the standards for annual periods beginning on or after January 1, 2019.

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Under the new standard, 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.

The Group performed an impact assessment to identify potential financial effects of applying Korean IFRS 1116. The Group is analyzing the effects on the financial statements based on available information as at September 30, 2018 to identify effects on 2018 interim financial statements; however, it is difficult to provide reasonable estimates of financial effects until the analysis is complete.

2.2 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, 2017, 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.

2.2.2 Revenue recognition

From January 1, 2018, the Group has applied Korean IFRS 1115 *Revenue from Contracts with Customers*.

(a) Identify performance obligation

The Group recognizes (i) goods or services (or a bundle of goods or services) that are distinct at inception of contract, or (ii) a series of distinct goods or services that are substantially the same, including the way they transfer to the customers, as separate performance obligations.

(b) A performance obligation is satisfied over time

The contract revenue is recognized over time by measuring progress only if i) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or ii) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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(c) Input methods for measuring progress

The Group recognizes performance obligations satisfied over time based on percentage of completion by input methods after excluding the effects of any inputs that do not depict the performance. In addition, if the Group may not be able to reasonably measure the outcome of a performance obligation, but the Group expects to recover the cost incurred in satisfying the performance obligation, the Group will recognize revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Meanwhile, a faithful depiction of the Group's performance might be to recognize revenue at an amount equal to the cost of a goods used to satisfy a performance obligation if the Group expects at contract inception that all of the following conditions would be met: i) the goods are not distinct; ii) the customer is expected to obtain control of the goods significantly before receiving services related to the goods; iii) the cost of the transferred goods is significant relative to the total expected costs to completely satisfy the performance obligation; and iv) the Group procures the goods from a third party and is not significantly involved in designing and manufacturing the goods.

(d) Variable consideration

If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which the Group will be entitled in exchange for transferring the promised goods or services to a customer. An amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items. The promised consideration can also vary if an entity's entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event. For example, an amount of consideration would be variable if either a product was sold with a right of return or a fixed amount is promised as a performance bonus on achievement of a specified milestone.

(e) Incremental costs of obtaining a contract

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The costs to obtain a contract will be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained. The Group reviews the incremental costs of obtaining a contract based on each incurred items and recognizes the capitalized costs as contract cost based on percentage of completion.

(f) Costs to fulfill a contract

If the costs incurred in fulfilling a contract with a customer are related directly to a contract or to an anticipated contract that the entity can specifically identify, generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future, and are expected to be recovered, the costs are recognized as assets. And, the costs are recognized as contract costs based on percentage of completion.

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(g) Contract assets and contract liabilities

A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer, and a contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. The Group presents contract assets and liabilities arising from a contract in the statements of financial position at net amount by offsetting each other.

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 ₩ 1,112.7 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 ₩ 1,090.96 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 consolidated financial statements for the year ended December 31, 2017, except for the estimates used to determine income tax expense.

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, 2017.

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(a) Uncertainty of the estimated total contract revenue

Total contract revenue is measured based on the initial amount of revenue agreed in the contract. However, the measurement of contract revenue is affected by a variety of uncertainties that depend on the outcome of future event; for example, the amount of contract revenue may increase as a result of variations in contract work, claims and incentive payments, on the other hand, the amount of contract revenue may decrease as a result of penalties arising from delays caused by the Group in the completion of the contract. 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.

(b) 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.

(c) Uncertainty of the estimated total contract costs

Revenue from construction work is recognized by reference to the percentage of completion method. The stage of completion of a contract is determined in the proportion that contract costs incurred for work performed to date to the estimated total contract costs. Total contract costs are estimated based on future expectation 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 nine-month periods ended September 30, 2018 and 2017, are as follows:

<i>(in millions of Korean won)</i>	2018	2017
Buildings	₩ 5,796,292	₩ 5,226,781
Civil engineering	1,855,040	1,857,991
Plant	1,232,441	1,834,399
Landscaping	118,213	127,336
	<u>₩ 9,001,986</u>	<u>₩ 9,046,507</u>

As at September 30, 2018, the Group's remaining balance of construction contracts amounts to ₩ 26,868,446 million.

The Group provides the certificates of payment from financial institutions to the customers or reserves certain amount for guarantees for bidding, performance, repayment of advance received and warranty relating to the construction contracts mentioned above, which are presented in the statement of financial position as guarantee deposits received. As at September 30, 2018, the Group has reserves of ₩ 348,717 million relating to the constructions in progress.

As at September 30, 2018, the Group has accumulated revenues¹ and costs¹ on the ongoing construction projects amounting to ₩ 29,871,564 million and ₩ 27,739,429 million, respectively. As at September 30, 2018, the total accumulated revenues¹ and costs¹ incurred on all construction projects, including those completed during the current period, are ₩ 39,976,397 million and ₩ 36,905,145 million, respectively.

¹ 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 September 30, 2018 and December 31, 2017, are summarized as follows:

<i>(in millions of Korean won)</i>	September 30, 2018					December 31, 2017
	Buildings	Civil engineering	Plant	Landscaping	Total	Total
Receivables from construction contracts	₩ 1,289,206	₩ 138,309	₩ 112,250	₩ 39,463	₩ 1,579,228	₩ 2,527,157
Due from customer for construction work ¹	726,635	429,118	504,560	25,304	1,685,617	1,243,382
Advance payments	210,014	222,725	144,012	890	577,641	461,057
Prepaid expenses	93,409	1,935	292	128	95,764	296,421
Guarantee deposits	90,394	127,873	130,449	1	348,717	313,027
Long-term loans	154,325	-	-	-	154,325	193,330
Short-term loans	346,344	-	-	-	346,344	196,551
Advances received ²	314,521	278,461	467,419	2,467	1,062,868	544,706
Due to customer for contract work	1,095,230	183,029	156,736	534	1,435,529	2,078,644

¹ The amount of contract assets before offsetting contract liabilities by each contract.

² The amount of contract liabilities before offsetting contract assets by each contract.

The Group is provided with payment guarantees amounting to ₩ 10,413,393 million (December 31, 2017: ₩ 10,378,068 million), ₩ 1,135,142 million (December 31, 2017: ₩ 1,577,175 million), ₩ 18,687 million (December 31, 2017: ₩ 17,485 million), and ₩ 24,368 million (December 31, 2017: ₩ 26,211 million) from financial institutions, Construction Guarantee Cooperative, Software Guarantee Cooperative, and Engineering Guarantee Cooperative, respectively, in relation to the construction performance and others.

As at September 30, 2018, construction sites are covered by construction work insurance amounting to ₩ 9,594,922 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 amount to ₩ 1,160,487 million. The Group has provided a joint guarantee limit of ₩ 3,649,200 million (balance of ₩ 3,567,500 million) with regard to the housing finance in accordance with the agreements with the relevant financial institutions.

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As at September 30, 2018, information of each contract¹ where contract revenue for the nine-month period ended September 30, 2018, is more than 5% of the previous year's revenues, is as follows:

(in millions of Korean won)

	Contract date	Contractual due date	Percentage of completion	Due from customers ³		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%	₩ -	₩ -	₩ -	₩ -
Pyeong-taek P-PJT	May. 2015	Feb. 2018	100.0%	-	-	-	-
Saudi RABIGH 2 IPP	Nov. 2013	Feb. 2018	100.0%	-	-	27,023	-
Qatar UHP IWPP ²	May. 2015	Jun. 2018	97.2%	-	-	-	-
Saudi Riyadh Metro	Oct. 2013	Oct. 2018	72.5%	80,115	-	24,777	-
Vietnam SDC Module 3	May. 2016	Nov. 2018	93.5%	-	-	24,769	-
Pyeong-taek FAB 1	Apr. 2017	Dec. 2018	90.7%	-	-	-	-
Garak Siyoung Complex 1	Oct. 2015	Dec. 2018	84.7%	101,651	-	-	-
Australia Westconnex Stage 1b (M4 East)	Jun. 2015	Mar. 2019	91.4%	-	-	-	-
Singapore Changi Airport Pkg.1	Oct. 2015	Jul. 2019	84.8%	14,651	-	30,471	-
Algeria Naama	Feb. 2014	Feb. 2020	71.5%	-	-	37,682	-
Australia Westconnex Stage2 (M5 Main Tunnel)	Nov. 2015	Mar. 2020	61.8%	-	-	27,585	-
UAE nuclear power plant	Mar. 2010	May 2020	89.8%	37,649	-	-	-
Algeria Mostaghanem	Feb. 2014	Apr. 2021	39.6%	-	-	15,410	-
Gangneung Anin coal-fired power plant	Feb. 2014	Mar. 2022	8.5%	220,944	-	4,198	-
Singapore Thomson East Coast Line T313	Mar. 2016	Feb. 2024	32.4%	50,127	-	-	-
India Mumbai DAICEC	Dec. 2013	Dec. 2018	62.0%	38,042	-	50,353	-
Malaysia KL118 Tower	Nov. 2015	Dec. 2019	23.4%	38,226	-	-	-

¹ Construction projects that are practically completed as at September 30, 2018, are excluded.

² As at September 30, 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.

³ Due from customers is the amount before offsetting contract liabilities.

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As at December 31, 2017, information of each contract¹ where contract revenue for the year ended December 31, 2017, is more than 5% of the previous year's revenues, is as follows:

(in millions of Korean won)

	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	
Saudi RABIGH 2 IPP ²	Nov. 2013	Jun. 2017	96.1%	₩	- ₩	- ₩	51,432 ₩	-
Turkey Kirikkale CCPP ²	Oct. 2014	Jun. 2017	90.4%		-	-	30,441	-
Pyeong-taek P-PJT	May. 2015	Feb. 2018	96.4%		-	-	77,675	-
Vietnam SDC Module 3	May. 2016	Sep. 2018	78.7%		-	-	11,943	-
Pyeong-taek FAB 1	Apr. 2017	Oct. 2018	69.0%		-	-	-	-
Qatar UHP IWPP	May. 2015	Jun. 2018	89.3%		-	-	-	-
Saudi Riyadh Metro	Oct. 2013	Oct. 2018	65.5%		-	-	23,207	-
Garak Siyoung Complex 1	Oct. 2015	Dec. 2018	53.6%		-	-	-	-
Australia Westconnex Stage 1b (M4 East)	Jun. 2015	Mar. 2019	63.7%		-	-	19,141	-
Singapore Changi Airport Pkg.1	Oct. 2015	Jul. 2019	65.4%		33,769	-	20,612	-
Algeria Naama	Feb. 2014	Feb. 2020	58.7%		-	-	27,930	-
Australia Westconnex Stage2 (M5 Main Tunnel)	Nov. 2015	Mar. 2020	35.0%		-	-	23,466	-
UAE nuclear power plant	Mar. 2010	May 2020	85.1%		688	-	-	-
Algeria Mostaghanem	Feb. 2014	Apr. 2021	30.3%		-	-	15,446	-
Gangneung Anin coal-fired power plant	Feb. 2014	Mar. 2022	2.5%		37,884	-	12,970	-
Singapore Thomson East Coast Line T313	Mar. 2016	Feb. 2024	21.4%		29,648	-	7,557	-
India Mumbai DAICEC ²	Dec. 2013	Sep. 2017	44.7%		6,935	-	25,716	-
Malaysia KL118 Tower	Nov. 2015	Dec. 2019	14.5%		29,025	-	-	-

¹ Construction projects that are practically completed as at December 31, 2017, are excluded.

² As at December 31, 2017, 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 September 30, 2018, are as follows:

<i>(in millions of Korean won)</i>	Total contract amount	Amount of the Group	Percentage of ownership	Representative company
UAE nuclear power plant	₩ 6,852,204	₩ 3,083,492	45.00%	Hyundai Engineering & Construction Co., Ltd.
Saudi Riyadh Metro	9,316,135	2,623,796	28.16%	FCC
Australia Westconnex Stage2 (M5 Main Tunnel)	3,307,885	992,366	30.00%	CPB
Malaysia KL 118 Tower	1,558,678	935,207	60.00%	Samsung C&T Corporation
Australia Westconnex Stage 1b (M4 East)	2,336,447	778,738	33.33%	CPB
Canada Site C	1,341,835	670,918	50.00%	Acciona S.A.
Shin-Kori nuclear power plant #5, 6	1,234,295	629,490	51.00%	Samsung C&T Corporation
Singapore Changi Airport Expansion Pkg.1	889,509	622,656	70.00%	Samsung C&T Corporation
Hong Kong Metro SCLC1109	925,170	555,102	60.00%	Samsung C&T Corporation
Hong Kong Tung Chung New Town reclamation	934,569	457,939	49.00%	BUILD KING
Saudi Tadawul Tower PJT	512,038	307,223	60.00%	Samsung C&T Corporation
Bujeon-Masan DoubleTrack Electric Railway	421,377	299,936	71.18%	Samsung C&T Corporation
Hongkong 3RS C3202	417,062	291,943	70.00%	Samsung C&T Corporation
Suseo-Pyeongtaek High-speed Railway Area 5	304,716	274,244	90.00%	Samsung C&T Corporation
United Kingdom Mersey Gateway	742,809	247,578	33.33%	FCC S.A & Kier
Singapore TuasFinger1	793,663	222,226	28.00%	Hyundai Engineering & Construction Co., Ltd.

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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 nine-month period ended September 30, 2018, 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:

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	Provision for construction losses
Buildings	₩ 3,613,264	₩ 2,995,493	₩ 455,708	₩ 162,063	₩ 455,708	₩ 63,802
Civil engineering	675,428	689,458	(26,585)	12,555	(26,585)	45,992
Plant	203,973	100,302	94,445	9,226	94,445	14,179
Landscaping	4,776	2,252	4,458	(1,934)	4,458	-
	₩ 4,497,441	₩ 3,787,505	₩ 528,026	₩ 181,910	₩ 528,026	₩ 123,973

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 nine-month period ended September 30, 2018, changes in provision for estimated warranty costs for the completed projects and provisions for construction losses from construction contracts are as follows:

(in millions of Korean won)	Beginning	Effect of Korean IFRS 1115 adoption	Increase	Decrease	Ending
Provision for construction warranties	₩ 180,633	₩ (640)	₩ 16,081	₩ 13,764	₩ 182,310
Provision for construction losses	119,142	-	59,300	54,469	123,973

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6. Inventories

Inventories as at September 30, 2018 and December 31, 2017, consist of the following:

(in millions of Korean won)

	September 30, 2018			December 31, 2017		
	Acquisition cost	Valuation allowance	Book amount	Acquisition cost	Valuation allowance	Book amount
Merchandise	₩ 754,613	₩ (47,318)	₩ 707,295	₩ 595,545	₩ (42,082)	₩ 553,463
Finished goods	385,030	(29,009)	356,021	408,400	(45,081)	363,319
Raw materials	253,975	(7,496)	246,479	202,706	(7,986)	194,720
Land held for housing projects	63,991	(612)	63,379	62,827	(612)	62,215
Materials-in-transit	254,818	-	254,818	220,225	-	220,225
Semi-finished goods and work-in-progress	93,170	(1,815)	91,355	53,609	(7)	53,602
Others	107,007	(642)	106,365	86,168	(678)	85,490
	<u>₩ 1,912,604</u>	<u>₩ (86,892)</u>	<u>₩ 1,825,712</u>	<u>₩ 1,629,480</u>	<u>₩ (96,446)</u>	<u>₩ 1,533,034</u>

7. Financial Instruments by Category

Details of financial instruments by category as at September 30, 2018, and December 31, 2017, are as follows:

(in millions of Korean won)

	September 30, 2018	December 31, 2017
Financial assets at fair value through profit or loss	₩ 420,201	₩ 24,439
Financial assets at fair value through other comprehensive income	21,241,405	23,204,733
Financial assets at amortized cost		
Cash and cash equivalents ¹	2,538,084	2,993,152
Short-term financial instruments	98,172	100,721
Trade receivables ²	3,266,348	3,839,631
Other current assets	1,692,236	1,426,890
Other non-current assets ³	634,292	670,322
Derivative instruments		
Held for trading	37,055	18,149
Hedging instruments	10,480	6,351
	<u>₩ 29,938,273</u>	<u>₩ 32,284,388</u>

¹ Cash and cash equivalents amounting to ₩ 802 million (December 31, 2017: ₩ 909 million) are subject to withdrawal restrictions in relation to termination of Mongolian railroad project.

² Due from customer for contract work (contract assets net of contract liabilities) amounting to ₩ 1,019,638 million (December 31, 2017: ₩ 1,152,828 million) is excluded.

³ Bank deposits amounting to ₩ 97 million (December 31, 2017: ₩ 97 million) are subject to withdrawal restrictions in relation to the Group's loan facility agreement.

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<i>(in millions of Korean won)</i>	September 30, 2018	December 31, 2017
Liabilities at amortized cost		
Trade payables	₩ 1,723,960	₩ 1,785,617
Short-term borrowings	967,839	1,646,863
Current portion of long-term liabilities	1,490,279	1,346,801
Other current liabilities	3,950,506	3,820,107
Debentures and long-term borrowings	1,879,423	2,594,095
Other non-current liabilities	95,247	78,276
Derivative instruments		
Held for trading	1,949,566	1,948,372
Hedging instruments	3,300	8,788
Other liabilities		
Short-term borrowings	504,888	446,447
Financial guarantee liabilities	39,816	36,420
	<u>₩ 12,604,824</u>	<u>₩ 13,711,786</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 September 30, 2018 and December 31, 2017, are as follows:

(in millions of Korean won)

	September 30, 2018			December 31, 2017
	Gross amount	Provision for impairment	Net amount	Net amount
Trade receivables				
Financial assets at amortized cost	₩ 3,409,774	₩ (143,426)	₩ 3,266,348	₩ 3,839,631
Due from customer for contract work	1,054,131	(34,493)	1,019,638	1,152,828
	<u>4,463,905</u>	<u>(177,919)</u>	<u>4,285,986</u>	<u>4,992,459</u>
Other current assets				
Financial assets at amortized cost:				
Short-term loans	472,993	(119,781)	353,212	214,266
Current portion of long-term receivables (Note 9)	2,558	-	2,558	6,017
Non-trade receivables	659,314	(38,264)	621,050	559,119
Accrued income	226,539	(51,067)	175,472	167,659
Deposits	550,353	(10,408)	539,945	479,830
	<u>1,911,757</u>	<u>(219,520)</u>	<u>1,692,237</u>	<u>1,426,891</u>
Derivative instruments	47,535	-	47,535	24,499
Advance payments	828,859	(26,118)	802,741	671,569
Prepaid expenses	259,135	(57,688)	201,447	271,172
Prepaid corporate income tax	153,455	-	153,455	191,665
Others	38,851	-	38,851	43,076
	<u>3,239,592</u>	<u>(303,326)</u>	<u>2,936,266</u>	<u>2,628,872</u>
Other non-current assets				
Financial assets at amortized cost:				
Long-term receivables (Note 9)	632,909	(231,299)	401,610	454,262
Long-term financial instruments	547	-	547	533
Deposits	223,469	(1,806)	221,663	205,056
Overseas natural resources development	33,237	(22,765)	10,472	10,472
	<u>890,162</u>	<u>(255,870)</u>	<u>634,292</u>	<u>670,323</u>
Others	105,585	-	105,585	40,803
	<u>995,747</u>	<u>(255,870)</u>	<u>739,877</u>	<u>711,126</u>
	<u>₩ 8,699,244</u>	<u>₩ (737,115)</u>	<u>₩ 7,962,129</u>	<u>₩ 8,332,457</u>

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	<u>September 30, 2018</u>			<u>December 31, 2017</u>
	Gross amount	Provision for impairment	Net amount	Net amount
Third party receivables	₩ 8,305,097	₩ (733,130)	₩ 7,571,967	₩ 7,447,572
Related party receivables	394,147	(3,985)	390,162	884,885
	<u>₩ 8,699,244</u>	<u>₩ (737,115)</u>	<u>₩ 7,962,129</u>	<u>₩ 8,332,457</u>

As at September 30, 2018, trade receivables amounting to ₩ 504,888 million (December 31, 2017: ₩ 446,447 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 17).

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 nine-month periods ended September 30, 2018 and 2017, are as follows:

(in millions of Korean won)

	January 1, 2018	Effect of Korean IFRS 1115 adoption	Impairment loss / reversal	Write-off	Others ¹	September 30, 2018
Trade receivables	₩ 180,528	₩ -	₩ (2,580)	₩ (119)	₩ 90	₩ 177,919
Other current assets						
Financial instruments:						
Short-term loans	97,459	-	22,325	-	(3)	119,781
Non-trade receivables	21,970	-	16,086	(21)	229	38,264
Accrued income	44,389	-	7,578	(909)	9	51,067
Deposits	13,161	-	(2,753)	-	-	10,408
	<u>176,979</u>	<u>-</u>	<u>43,236</u>	<u>(930)</u>	<u>235</u>	<u>219,520</u>
Advance payments	26,336	-	(253)	-	35	26,118
Prepaid expenses	173,756	(117,597)	1,324	-	205	57,688
	<u>377,071</u>	<u>(117,597)</u>	<u>44,307</u>	<u>(930)</u>	<u>475</u>	<u>303,326</u>
Other non-current assets						
Financial instruments:						
Long-term receivables	219,018	-	15,387	(3,180)	74	231,299
Deposits	875	-	931	-	-	1,806
Overseas natural resources development	22,765	-	-	-	-	22,765
	<u>242,658</u>	<u>-</u>	<u>16,318</u>	<u>(3,180)</u>	<u>74</u>	<u>255,870</u>
	<u>₩ 800,257</u>	<u>₩ (117,597)</u>	<u>₩ 58,045</u>	<u>₩ (4,229)</u>	<u>₩ 639</u>	<u>₩ 737,115</u>

¹ Others include exchange differences, consolidation adjustments and others.

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	January 1, 2017	Effect of Korean IFRS 1109 adoption	Impairment loss / reversal	Write-off	Others ¹	September 30, 2017
Trade receivables	₩ 192,561	₩ 12,059	₩ 20,931	₩ (22,114)	₩ (121)	₩ 203,316
Other current assets						
Financial instruments:						
Short-term loans	87,827	6,469	(1,027)	-	26	93,295
Non-trade receivables	30,788	-	(84)	(3,424)	(662)	26,618
Accrued income	41,831	1,211	10,021	-	(137)	52,926
Deposits	6,472	-	6,793	-	-	13,265
	<u>166,918</u>	<u>7,680</u>	<u>15,703</u>	<u>(3,424)</u>	<u>(773)</u>	<u>186,104</u>
Advance payments	25,926	-	539	-	(73)	26,392
Prepaid expenses	159,555	-	12,890	-	-	172,445
	<u>352,399</u>	<u>7,680</u>	<u>29,132</u>	<u>(3,424)</u>	<u>(846)</u>	<u>384,941</u>
Other non-current assets						
Financial instruments:						
Long-term receivables	285,735	1,766	(757)	(21,468)	(100)	265,176
Deposits	875	-	-	-	-	875
Overseas natural resources development	22,765	-	-	-	-	22,765
	<u>309,375</u>	<u>1,766</u>	<u>(757)</u>	<u>(21,468)</u>	<u>(100)</u>	<u>288,816</u>
	<u>₩ 854,335</u>	<u>₩ 21,505</u>	<u>₩ 49,306</u>	<u>₩ (47,006)</u>	<u>₩ (1,067)</u>	<u>₩ 877,073</u>

¹ 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 September 30, 2018 and December 31, 2017, 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. Long-Term Receivables

Details of long-term receivables (including current portion) as at September 30, 2018 and December 31, 2017, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2018		December 31, 2017	
Loans for others	₩	122,457	₩	34,263
Loans for redevelopment and reconstruction projects		285,441		422,761
Other long-term receivables		10,841		18,195
Less: Present value discount		<u>(14,571)</u>		<u>(14,940)</u>
		404,168		460,279
Less: Current portion of long-term receivables		<u>(2,558)</u>		<u>(6,017)</u>
	₩	<u>401,610</u>	₩	<u>454,262</u>

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10. Other Liabilities

Details of other liabilities as at September 30, 2018 and December 31, 2017, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2018	December 31, 2017
Other current liabilities		
Financial instruments at amortized cost:		
Non-trade payables	₩ 895,247	₩ 1,007,924
Accrued expenses	1,044,715	790,655
Guarantee deposits received	850,058	857,617
Advances received related to housing business	1,160,487	1,163,912
	<u>3,950,507</u>	<u>3,820,108</u>
Other financial instruments:		
Derivative instruments	1,952,035	1,957,159
Finance guarantee contract	39,816	36,420
	<u>1,991,851</u>	<u>1,993,579</u>
Advances received	2,233,695	2,962,568
Withholdings	247,402	249,860
Provisions (Note 19)	110,184	122,191
Others	51,035	32,528
	<u>8,584,674</u>	<u>9,180,834</u>
Other non-current liabilities		
Financial instruments at amortized cost:		
Long-term non-trade payables	94,727	77,736
Leasehold deposits received	520	530
	<u>95,247</u>	<u>78,266</u>
Derivative instruments	830	-
Long-term unearned revenue	59,541	1,209
Contingent liabilities	155,132	155,132
	<u>310,750</u>	<u>234,607</u>
	<u>₩ 8,895,424</u>	<u>₩ 9,415,441</u>

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11. Contract Assets and Liabilities

As explained in Note 2, the Group has applied Korean IFRS 1115 *Revenue from Contracts with Customers* from January 1, 2018. See Note 35 for the impact of the changes in accounting policies on the financial statements.

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

<i>(in millions of Korean won)</i>	September 30, 2018		January 1, 2018	
Contract assets relating to construction contracts – due from customers	₩	1,685,617	₩	1,243,382
Assets recognized for costs to fulfill contracts		<u>174,347</u>		<u>129,832</u>
Total contract assets	₩	<u>1,859,964</u>	₩	<u>1,373,214</u>
Contract liabilities relating to construction contracts – advances received for construction contracts	₩	1,062,868	₩	544,706
Contract liabilities relating to construction contracts – due to customers		1,435,529		2,078,644
Contract liabilities relating to customer loyalty program - advances received		18,752		17,926
Contract liabilities relating to subscription sales – advances received and unearned revenue		<u>120,431</u>		<u>90,149</u>
Total contract liabilities	₩	<u>2,637,580</u>	₩	<u>2,731,425</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 incurred directly to fulfill contracts consists of (i) construction contracts with fixed-price, (ii) costs incurred during technology transfer and (iii) costs to produce test goods, while indirect costs were recognized as selling and administrative expenses for the nine-month period ended September 30, 2018. 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.

The revenue amounting to ₩ 2,192,438 million was recognized in the current reporting period in relation to carried-forward contract liabilities.

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12. Financial Assets Measured at Fair Value

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

The Group classifies the following financial assets at fair value through profit or loss:

- debt investments that do not qualify for measurement at either amortized cost or at fair value through other comprehensive income,
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognize fair value gains and losses through other comprehensive income.

Changes in financial assets at fair value through profit or loss for the nine-month periods ended September 30, 2018 and 2017, are as follows:

<i>(in millions of Korean won)</i>	2018		2017	
Beginning balance	₩	24,439	₩	39,449
Acquisition		750,435		156
Disposal		(390,323)		(5,782)
Transfer and others		44,718		450
Loss on valuation		(9,068)		(8)
Ending balance	₩	<u>420,201</u>	₩	<u>34,265</u>

Details of financial assets at fair value through profit or loss as at September 30, 2018 and December 31, 2017, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2018		December 31, 2017	
Equity instruments				
Domestic listed equities	₩	2,202	₩	2,165
Foreign non-listed equities		6,331		6,319
Debt instruments				
Beneficiary certificates		360,268		157
SOC shares		6,692		15,798
Others		44,708		-
	₩	<u>420,201</u>	₩	<u>24,439</u>

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Details of listed equity instruments measured at fair value through profit or loss as at September 30, 2018 and December 31, 2017, are as follows:

<i>(in millions of Korean won)</i>			September 30, 2018			December 31, 2017	
	Number of shares owned	Percentage of ownership (%)	Acquisition cost	Market value	Book amount	Book amount	
Badaro No.19 Ship Investment Company	750,000	4.93	₩ 3,023	₩ 2,201	₩ 2,201	₩ 2,164	
Sambu Construction Co.,Ltd. and others	182	-	9	1	1	1	
			₩ 3,032	₩ 2,202	₩ 2,202	₩ 2,165	

Details of non-listed equity instruments and debt instruments measured at fair value through profit or loss as at September 30, 2018 and December 31, 2017, are as follows:

<i>(in millions of Korean won)</i>			September 30, 2018		December 31, 2017	
	Number of shares owned	Percentage of ownership (%)	Acquisition cost	Net asset value or fair value	Book amount	Book amount
ACWA GUC ¹	1,128,011	16.11	₩ 9,106	₩ -	₩ -	₩ 9,106
Smart Rail Co.,Ltd. ¹	1,000,000	8.70	6,692	6,692	6,692	6,692
MMF	-	-	360,119	360,119	360,119	-
POSCO INDIA CHENNAI STEEL PROCESSING CENTRE PVT.LTD. and others	-	-	44,933	51,187	51,188	6,476
			₩ 420,850	₩ 417,998	₩ 417,999	₩ 22,274

¹ 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.

The amounts recognized in profit or loss from financial assets at fair value through profit or loss for the nine-month periods ended September 30, 2018 and 2017, are as follows:

<i>(in millions of Korean won)</i>	2018	2017
Profit or loss related to equity instruments at fair value through profit or loss	₩ -	₩ 5,677
Profit or loss related to debt instruments at fair value through profit or loss	13,005	4,091
	₩ 13,005	₩ 9,768

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

Financial assets at fair value through other comprehensive income comprise:

- equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss as these are strategic investments and the Group considered this to be more relevant, and
- debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.

Changes in equity and debt instruments at fair value through other comprehensive income for the nine-month periods ended September 30, 2018 and 2017, are as follows:

<i>(in millions of Korean won)</i>	2018		2017	
Beginning balance	₩	23,204,733	₩	17,459,780
Acquisition		2,657		9,073
Disposal		(1,056)		(1,466)
Transfer and others		(67,576)		(1,640)
Gain (loss) on valuation		(1,897,353)		4,971,668
Ending balance	₩	<u>21,241,405</u>	₩	<u>22,437,415</u>

Details of financial instruments at fair value through other comprehensive income as at September 30, 2018 and December 31, 2017, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2018		December 31, 2017	
Equity instruments				
Listed equities	₩	20,988,727	₩	22,883,966
Non-listed equities		251,945		319,952
Debt instruments		<u>733</u>		<u>815</u>
	₩	<u>21,241,405</u>	₩	<u>23,204,733</u>
Current portion	₩	239	₩	309
Non-current portion		21,241,166		23,204,424

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Details of listed equities, including preferred shares, measured at fair value through other comprehensive income as at September 30, 2018 and December 31, 2017, are as follows:

<i>(in millions of Korean won)</i>			September 30, 2018		December 31, 2017	
	Number of shares owned	Percentage of ownership (%)	Acquisition cost	Market value	Book amount	Book amount
Samsung Electronics Co., Ltd.	298,818,100	4.08	₩ 6,484,353	₩ 13,880,101	₩ 13,880,101	₩ 15,227,770
Samsung Life Insurance Co., Ltd.	38,688,000	19.34	34,819	3,764,342	3,764,342	4,816,656
Samsung SDS Co., Ltd.	13,215,822	17.08	3,396,466	3,052,855	3,052,855	2,643,164
Samsung Heavy Industries Co., Ltd. and others	-	-	201,966	291,429	291,429	196,376
			<u>₩ 10,117,604</u>	<u>₩ 20,988,727</u>	<u>₩ 20,988,727</u>	<u>₩ 22,883,966</u>

Details of non-listed equities measured at fair value through other comprehensive income as at September 30, 2018 and December 31, 2017, are as follows:

<i>(in millions of Korean won)</i>			September 30, 2018		December 31, 2017	
	Number of shares owned	Percentage of ownership (%)	Acquisition cost	Market value	Book amount	Book amount
Domestic Companies						
HAN ALL Co., Ltd.	1,128,011	16.11	₩ 11,280	₩ 15,098	₩ 15,098	₩ 15,098
SECUI Co., Ltd.	1,000,000	8.70	500	13,709	13,709	13,709
The Korea Economic Daily	1,187,563	6.35	7,095	7,656	7,656	7,656
Samsung Economics Research Institute	120,000	1.00	903	903	903	903
YOUNGJIN Global Co., Ltd. and others	-	-	33,631	16,953	16,953	84,941
			<u>53,409</u>	<u>54,319</u>	<u>54,319</u>	<u>122,307</u>
Overseas Companies						
Korea Ras Iaffan LNG Ltd.	2,783,333	10.00	80,279	72,601	72,601	72,601
iMaketAsia Co., Ltd.	772,657	19.32	8,941	20,217	20,217	20,217
Samsung SDI (Hongkong) Limited	5,500,000	2.44	4,477	4,477	4,477	4,477
Beijing Samsung Real Estate Co., Ltd and others	-	-	105,082	100,331	100,331	100,350
			<u>198,779</u>	<u>197,626</u>	<u>197,626</u>	<u>197,645</u>
			<u>₩ 252,188</u>	<u>₩ 251,945</u>	<u>₩ 251,945</u>	<u>₩ 319,952</u>

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Changes in gain or loss on valuation of equity instruments measured at fair value through other comprehensive income for the nine-month period ended September 30, 2018, recorded as other component of equity, consist of the following:

<i>(in millions of Korean won)</i>	Balance at January 1, 2018	Change for the period	Income tax allocated	Balance at September 30, 2018
Gain (loss) on valuation of financial assets at fair value	₩ 8,711,376	₩ (1,897,353)	₩ 498,967	₩ 7,312,990

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.

Dividend income recognized from financial assets at fair value through other comprehensive income for the nine-month period ended September 30, 2018, amounts to ₩ 445,599 million (2017: ₩ 307,093 million).

As at September 30, 2018 and December 31, 2017, 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>	September 30, 2018	December 31, 2017
Current portion		
Government bonds	₩ 239	₩ 309
Non-current portion		
Government bonds	494	505
	<u>₩ 733</u>	<u>₩ 814</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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13. Investments in Associates and Joint Ventures

Details of investments in associates and joint ventures as at September 30, 2018 and December 31, 2017, are as follows (Note 1.3):

(in millions of Korean won)

	Location	Percentage of ownership(%)	September 30, 2018			December 31, 2017		
			Acquisition cost	Net assets	Book amount	Acquisition cost	Net assets	Book amount
Associates								
Dongducheon Dream Power Co., Ltd. ²	Korea	31.52	₩ 115,456	₩ 96,033	₩ 43,630	₩ 81,191	₩ 68,698	₩ 43,548
Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd.	China	40.00	10,968	12,464	10,226	10,968	12,424	10,189
Songdo Landmark City Limited ³	Korea	43.94	20,522	20,522	20,522	20,522	20,522	20,522
KST POWER NORTE S.A. DE C.V.	Mexico	34.00	6,229	25,212	23,983	6,229	23,122	21,847
Chongqing Shanxia Technology Textile Co., Ltd. ⁴	China	20.00	30,461	27,775	27,775	30,461	27,998	29,105
Samsung Bioepis Co., Ltd. ⁵	Korea	94.61	5,208,496	240,558	4,621,721	5,208,496	465,298	4,882,445
Others ⁶			386,735	670,732	384,011	363,325	558,052	359,652
			<u>5,778,867</u>	<u>1,093,296</u>	<u>5,131,868</u>	<u>5,721,192</u>	<u>1,176,114</u>	<u>5,367,308</u>
Joint ventures								
Korea LNG Limited	Bermuda	20.00	83,507	38,658	38,658	83,507	35,837	35,837
SP Belle River LP	Canada	42.49	21,945	28,801	25,788	26,243	28,706	25,570
Others			459,601	369,330	377,994	453,287	358,548	362,666
			<u>565,053</u>	<u>436,789</u>	<u>442,440</u>	<u>563,037</u>	<u>423,091</u>	<u>424,073</u>
			<u>6,343,920</u>	<u>1,530,085</u>	<u>5,574,308</u>	<u>6,284,229</u>	<u>1,599,205</u>	<u>5,791,381</u>
Less : Asset held for sale								
Samsung Bioepis Co., Ltd. ^{5,7}	Korea		(2,340,108)	(113,421)	(2,193,617)	-	-	-
Songdo Landmark City Limited ³	Korea		(20,522)	(20,522)	(20,522)	(20,522)	(20,522)	(20,522)
			<u>₩ 3,983,290</u>	<u>₩ 1,396,142</u>	<u>₩ 3,360,169</u>	<u>₩ 6,263,707</u>	<u>₩ 1,578,683</u>	<u>₩ 5,770,859</u>

¹ The investments in associates and joint ventures are all non-listed.

² As at September 30, 2018, 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 31).

³ The Group has entered into a contract to sell equity interests, receivables, and others of Songdo Landmark City Limited to joint venture partners and classified the investee as asset held for sale.

⁴ It was reclassified from assets held for sale to investments in associates due to changes in a disposal plan during the current period. The Group retrospectively restated the prior year financial statements presented herein for comparative purposes.

⁵ Although the Group holds 94.61% ownership interest of Samsung Bioepis Co., Ltd., it is classified as an associate since the potential voting right of non-controlling interest (Biogen Therapeutics Inc.) is substantive and the Group is unable to control the relevant activities unilaterally under the agreement (Note 20).

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⁶ Investments in Gaziantep SPV (acquisition cost: ₩ 5,569 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 31).

⁶ The investment in the associate was classified as an asset held for sale since the Group plans to sell the equity interests to joint shareholders.

⁷ Since Biogen Therapeutics Inc. exercised a call option to purchase shares of Samsung Bioepis Co., Ltd. on June 29, 2018, the shares of Samsung Bioepis Co., Ltd. amounting to ₩ 2,193,617 million, which would be transferred at the completion date of share transaction, were reclassified to assets held for sale. Meanwhile, Biogen Therapeutics Inc. completed all the legal process of the share purchase on November 7, 2018. As a result, the ownership of the shares subject to the call option has been transferred to Biogen Therapeutics Inc (Note 37).

Changes in investments in associates and joint ventures for the nine-month periods ended September 30, 2018 and 2017, are as follows:

<i>(in millions of Korean won)</i>	2018		2017	
Beginning balance	₩	5,770,859	₩	5,699,709
Effect of Korean IFRS 1115 adoption		(143,959)		-
Acquisition		10,712		248,709
Disposal and others		(8,695)		(36,700)
Share of profit		(88,282)		(31,098)
Transfer		(2,135,942)		-
Others ¹		(44,524)		(42,955)
Ending balance	₩	<u>3,360,169</u>	₩	<u>5,837,665</u>

¹ Others include dividends, transfer, 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 nine-month period ended September 30, 2018, 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	Total comprehensive income (loss)	Dividends received
Associates										
Dongducheon Dream Power Co., Ltd.	₩ 127,620	₩1,421,407	₩1,193,029	₩ 81,617	₩ -	₩ 561,358	₩ (16,798)	₩ -	₩ (16,798)	₩ -
Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd.	31,967	-	809	-	-	-	470	-	470	-
KST POWER NORTE S.A. DE C.V.	127,339	438,452	66,291	425,346	-	91,283	6,844	563	7,407	-
Chongqing Shanxia Technology Textile Co., Ltd.	473,204	80,112	414,441	-	-	133,128	218	-	218	-
Samsung Bioepis Co., Ltd. ¹	927,632	655,697	904,105	424,949	-	259,164	(88,391)	(65)	(88,456)	-
Joint ventures										
Korea LNG Limited	578	192,776	4	59	-	39,297	38,082	7,124	45,206	7,635
SP Belle River LP	9,779	262,719	9,805	194,910	-	23,186	5,394	4,826	10,220	-

¹ 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, 2017 and for the nine-month period ended September 30, 2017, is as follows:

	Summarized financial information									
	December 31, 2017					2017				
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Non-controlling interests	Revenue	Profit (loss) for the period	Other comprehensive income	Total comprehensive income (loss)	Dividends received
Associates										
Dongducheon Dream Power Co., Ltd.	₩ 110,624	₩1,460,293	₩ 305,650	₩1,068,987	₩ -	₩ 366,083	₩ (25,991)	₩ -	₩ (25,991)	₩ -
Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd.	31,980	1	922	-	-	-	416	-	416	-
KST POWER NORT E S.A. DE C.V.	69,017	477,226	61,715	416,521	-	57,177	13,181	-	13,181	-
Chongqing Shanxia Technology Textile Co., Ltd.	339,239	89,645	286,495	2,398	-	66,913	721	-	721	-
Samsung Bioepis Co., Ltd. ¹	608,052	631,088	510,873	236,438	-	121,500	(67,603)	(1)	(67,604)	-
Joint ventures										
Korea LNG Limited	670	178,598	3	83	-	20,639	24,806	11,250	36,056	4,977
Southgate Solar LP	-	-	-	-	-	5,602	3,543	1,655	5,198	-
SP Belle River LP	31,442	264,785	17,198	211,468	-	-	(486)	4,096	3,610	-

¹ 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 September 30, 2018 and December 31, 2017, is as follows:

(in millions of Korean won)

	September 30, 2018					
	Net assets	Percentage of ownership (%)	Share in net assets	Difference between the cost of the investment and share in the investee's equity	Intergroup transactions	Book amount
Associates						
Dongducheon Dream Power Co., Ltd. ¹	₩ 274,381	31.52	₩ 96,033	₩ (28,428)	₩ (23,975)	₩ 43,630
Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd.	31,158	40.00	12,464	(2,235)	(3)	10,226
KST POWER NORTE S.A. DE C.V.	74,154	34.00	25,212	-	(1,229)	23,983
Chongqing Shanxia Technology Textile Co., Ltd.	138,875	20.00	27,775	-	-	27,775
Samsung Bioepis Co., Ltd.	254,275	94.61	240,558	4,398,646	(17,483)	4,621,721
Joint ventures						
Korea LNG Limited	193,291	20.00	38,658	-	-	38,658
SP Belle River LP	67,783	42.49	28,801	-	(3,013)	25,788

¹ Since the disproportionate capital increase by external 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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		December 31, 2017					
		Percentage of ownership		Share in net assets	Difference between the cost of the investment and share in the investee's equity	Intergroup transactions	Book amount
Net assets	(%)						
Associates							
Dongducheon Dream Power Co., Ltd. ¹	₩ 196,280	31.15	₩ 68,698	₩ (1,175)	₩ (23,975)	₩	43,548
Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd.	31,059	40.00	12,424	(2,235)	-		10,189
KST POWER NORTE S.A. DE C.V.	68,007	34.00	23,122	-	(1,275)		21,847
Chongqing Shanxia Technology Textile Co., Ltd.	139,991	20.00	27,998	-	1,107		29,105
Samsung Bioepis Co., Ltd.	491,829	94.61	465,298	4,417,147	-		4,882,445
Joint ventures							
Korea LNG Limited	179,183	20.00	35,837	-	-		35,837
SP Belle River LP	67,560	42.49	28,706	-	(3,136)		25,570

¹ Since the disproportionate capital increase by external 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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14. Property, Plant and Equipment, and Intangible Assets

Changes in property, plant and equipment for the nine-month periods ended September 30, 2018 and 2017, are as follows:

	2018					
	Land	Buildings and structures	Animals & plants	Others	Construction in progress	Total
Beginning balance						
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
Changes during the period						
Acquisition	-	9,666	1,399	54,044	273,073	338,182
Disposal and others	(65,687)	(22,408)	(79)	(23,198)	(434)	(111,806)
Depreciation	-	(60,475)	(1,736)	(133,330)	-	(195,541)
Transfer	-	7,231	78	41,742	(52,647)	(3,596)
Impairment	(4,249)	-	-	-	(8,952)	(13,201)
Others ¹	295	34,451	(1,820)	(38,765)	872	(4,967)
	1,756,900	1,705,361	60,521	971,458	500,775	4,995,015
Ending balance						
Acquisition cost	1,768,498	2,384,631	68,238	1,921,352	509,727	6,652,446
Accumulated impairment and depreciation	(11,598)	(679,270)	(7,717)	(947,112)	(8,952)	(1,654,649)
Beneficiary's share of construction cost	-	-	-	(2,782)	-	(2,782)
	₩ 1,756,900	₩ 1,705,361	₩ 60,521	₩ 971,458	₩ 500,775	₩ 4,995,015

¹ Others include exchange differences, changes in scope of consolidation and others.

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	2017					
	Land	Buildings and structures	Animals & plants	Others	Construction in progress	Total
Beginning balance						
Acquisition cost	₩ 2,232,229	₩ 2,211,981	₩ 72,042	₩ 1,792,328	₩ 287,496	₩ 6,596,076
Accumulated impairment and depreciation	-	(575,226)	(4,459)	(731,932)	-	(1,311,617)
Beneficiary's share of construction cost	-	-	-	(3,250)	-	(3,250)
	2,232,229	1,636,755	67,583	1,057,146	287,496	5,281,209
Changes during the period						
Acquisition	14,036	5,499	1,331	64,169	422,523	507,558
Disposal	(8,041)	(5,859)	(126)	(48,810)	(400)	(63,236)
Depreciation	-	(48,230)	(1,869)	(144,783)	-	(194,882)
Transfer	(384,165)	(36,561)	79	50,697	(208,769)	(578,719)
Impairment	(7,349)	-	-	-	-	(7,349)
Others ¹	(117)	4,806	(2,097)	14,966	52	17,610
	1,846,593	1,556,410	64,901	993,385	500,902	4,962,191
Ending balance						
Acquisition cost	1,853,942	2,168,233	71,050	1,845,532	500,902	6,439,659
Accumulated impairment and depreciation	(7,349)	(611,823)	(6,149)	(849,098)	-	(1,474,419)
Beneficiary's share of construction cost	-	-	-	(3,049)	-	(3,049)
	₩ 1,846,593	₩ 1,556,410	₩ 64,901	₩ 993,385	₩ 500,902	₩ 4,962,191

¹ Others include exchange differences, changes in scope of consolidation and others.

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Changes in intangible assets for the nine-month periods ended September 30, 2018 and 2017, are as follows:

	2018									
	Mineral rights	Memberships	Software	Right to use property	Goodwill	Customer relationships	Brands	Orders on hand	Others	Total
Beginning balance	₩ 439,694	₩ 52,995	₩ 78,309	₩ 5,374	₩ 60,132	₩ 48,452	₩ 188,828	₩ 380,803	₩ 56,885	₩ 1,311,472
Acquisition	21,175	494	5,208	-	-	-	-	-	24,225	51,102
Disposal	-	(1,983)	(383)	(3)	-	-	-	-	(443)	(2,812)
Amortization	(11,895)	(9)	(35,171)	(828)	-	(4,116)	(397)	(73,559)	(6,607)	(132,582)
Impairment	(25,000)	(330)	-	-	-	-	-	-	-	(25,330)
Reversal	-	335	-	-	-	-	-	-	-	335
Transfer	-	2,116	22,470	-	-	-	-	-	(18,969)	5,617
Others ¹	25,520	33	(579)	5	(75)	-	9	-	2,137	27,050
Ending balance	₩ 449,494	₩ 53,651	₩ 69,854	₩ 4,548	₩ 60,057	₩ 44,336	₩ 188,440	₩ 307,244	₩ 57,228	₩ 1,234,852

¹ Others include exchange differences, changes in scope of consolidation and others.

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	2017									
	Mineral rights	Memberships	Software	Right to use property	Goodwill	Customer relationships	Brands	Orders on hand	Others	Total
Beginning balance	₩ 543,519	₩ 81,307	₩ 118,837	₩ 7,116	₩ 60,758	₩ 53,939	₩ 189,553	₩ 484,608	₩ 61,666	₩ 1,601,303
Acquisition	27,030	52	4,934	-	-	-	-	-	12,078	44,094
Disposal	-	(53,743)	(52)	(7)	-	-	-	-	(396)	(54,198)
Amortization	(15,140)	(9)	(49,316)	(855)	-	(4,116)	(598)	(77,853)	(15,521)	(163,408)
Impairment	-	(363)	-	-	-	-	-	-	-	(363)
Reversal	-	27,114	-	-	-	-	-	-	-	27,114
Transfer	-	(16)	11,474	-	-	-	-	-	(2,813)	8,645
Others ¹	(45,007)	(483)	(32)	(39)	(315)	-	48	-	733	(45,095)
Ending balance	₩ 510,402	₩ 53,859	₩ 85,845	₩ 6,215	₩ 60,443	₩ 49,823	₩ 189,003	₩ 406,755	₩ 55,747	₩ 1,418,092

¹ Others include exchange differences, changes in scope of consolidation and others.

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Goodwill is monitored by the management at the operating segment level. The following is a summary of goodwill allocation for each operating segment (cash-generating unit or groups of cash-generating units) as at September 30, 2018 and December 31, 2017:

<i>(in millions of Korean won)</i>	September 30, 2018		December 31, 2017	
Fashion segment: acquisition of fashion business segment of Samsung SDI Co., Ltd.	₩	56,262	₩	56,262
Others		3,795		3,870
	<u>₩</u>	<u>60,057</u>	<u>₩</u>	<u>60,132</u>

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.

15. Investment Properties

Changes in investment properties for the nine-month periods ended September 30, 2018 and 2017, are as follows:

<i>(in millions of Korean won)</i>	<u>2018</u>			<u>2017</u>		
	Land	Building	Total	Land	Building	Total
Beginning balance	₩ 475,184	₩ 196,477	₩ 671,661	₩ 88,197	₩ 28,084	₩ 116,281
Disposal	(441,772)	(186,479)	(628,251)	-	(527)	(527)
Depreciation	-	(2,744)	(2,744)	-	(2,787)	(2,787)
Transfer	-	-	-	384,528	174,616	559,144
Others ¹	-	333	333	-	(788)	(788)
Ending balance	<u>₩ 33,412</u>	<u>₩ 7,587</u>	<u>₩ 40,999</u>	<u>₩ 472,725</u>	<u>₩ 198,598</u>	<u>₩ 671,323</u>

¹ Others include adjustments due to exchange difference.

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16. Biological Assets

Changes in biological assets for the nine-month periods ended September 30, 2018 and 2017, are as follows:

<i>(in millions of Korean won)</i>	2018		2017	
Beginning balance	₩	2,204	₩	2,505
Exchange differences		<u>(123)</u>		<u>(140)</u>
Ending balance	₩	<u>2,081</u>	₩	<u>2,365</u>

17. Debentures and Borrowings

Details of debentures and borrowings as at September 30, 2018 and December 31, 2017, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2018		December 31, 2017	
Current liabilities				
Short-term borrowings	₩	1,472,727	₩	2,093,310
Current portion of long-term borrowings		730,652		327,319
Current portion of debentures		760,000		1,020,000
Less: Discount on debentures		<u>(373)</u>		<u>(518)</u>
		<u>2,963,006</u>		<u>3,440,111</u>
Non-current liabilities				
Long-term borrowings		691,577		987,270
Debentures		1,190,000		1,610,000
Less: Discount on debentures		<u>(2,154)</u>		<u>(3,174)</u>
		<u>1,879,423</u>		<u>2,594,096</u>
	₩	<u>4,842,429</u>	₩	<u>6,034,207</u>

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Short-term borrowings as at September 30, 2018 and December 31, 2017, consist of the following:

<i>(in millions of Korean won)</i>					
	Creditors	Annual interest rate (%)		September 30, 2018	December 31, 2017
Samsung C&T and domestic subsidiaries					
Loans in local currency ¹	Woori Bank and others	1.40 - 2.55	₩	161,223	₩ 681,223
Loans in foreign currency	Santander and others	2.65 - 8.35		38,395	135,294
Banker's usance	Woori Bank and others	L+0.4 - 1.60		48,732	38,810
Secured loans (Note 8)	Woori Bank and others	L+0.4 - 1.95		492,768	445,049
				<u>741,118</u>	<u>1,300,376</u>
Foreign subsidiaries					
General loans	Citibank and others	0.29 - 5.51		719,489	791,536
Secured loans (Note 8)	-	3.375		12,120	1,398
				<u>731,609</u>	<u>792,934</u>
			₩	<u>1,472,727</u>	₩ <u>2,093,310</u>

¹ In relation to the borrowings, the land and building of the Group are provided as collateral to Woori Bank (Note 14).

As at September 30, 2018, the Group has entered into bank overdraft facility agreements amounting to ₩ 158,500 million and credit facility agreements amounting to ₩ 818,000 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 ₩ 154,000 million with four banks, including Shinhan Bank.

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Debentures as at September 30, 2018 and December 31, 2017, consist of the following:

(in millions of Korean won)

	Issue date	Maturity	Annual interest rate (%)	September 30, 2018	December 31, 2017
Non-guaranteed and publicly listed					
No. 101-2	Mar. 8, 2013	Mar. 8, 2018	3.17	₩ -	₩ 150,000
No. 102-1	Jul. 23, 2013	Jul. 22, 2018	3.64	-	50,000
No. 102-2	Jul. 23, 2013	Jul. 23, 2018	3.64	-	50,000
No. 103-2	Sep. 5, 2013	Sep. 5, 2018	3.71	-	120,000
No. 104-2	Mar. 7, 2014	Mar. 7, 2019	3.59	150,000	150,000
No. 105-2	Oct. 6, 2014	Oct. 6, 2019	2.69	150,000	150,000
No. 106-2 ¹	Apr. 25, 2013	Apr. 25, 2018	2.90	-	150,000
No. 107-2 ¹	Aug. 29, 2013	Aug. 29, 2018	3.52	-	350,000
No. 108-2 ¹	Apr. 3, 2014	Apr. 3, 2019	3.41	260,000	260,000
No. 109-1	Dec. 1, 2015	Dec. 1, 2018	2.24	100,000	100,000
No. 109-2	Dec. 1, 2015	Dec. 1, 2020	2.50	100,000	100,000
No. 110-1	Jun. 16, 2016	Jun. 16, 2019	1.74	200,000	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	Dec. 21, 2017	Dec. 21, 2018	2.43	50,000	50,000
Private bonds	Apr. 27, 2018	Apr. 27, 2021	3.10	150,000	-
Private bonds	Apr. 27, 2018	Apr. 27, 2023	3.53	40,000	-
				<u>1,950,000</u>	<u>2,630,000</u>
Less: Current portion of debentures				<u>(760,000)</u>	<u>(1,020,000)</u>
				<u>₩ 1,190,000</u>	<u>₩ 1,610,000</u>

¹ 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 September 30, 2018 and December 31, 2017, consist of the following:

(in millions of Korean won)

Creditors	Annual interest rate (%)		September 30, 2018		December 31, 2017
Denominated in Korean won					
Samsung C&T and domestic subsidiaries					
Korea Development Bank and others (Facility loans)	2.86 - 3.57	₩	484,550	₩	380,800
Korea Housing & Urban Guarantee Corporation (Working capital loans)	-		7,258		7,537
Shinhan Bank and others (Long-term commercial paper)	1.91 - 2.02		400,000		400,000
			<u>891,808</u>		<u>788,337</u>
Less: Current portion of long-term borrowings			<u>(415,478)</u>		<u>(49,028)</u>
			<u>476,330</u>		<u>739,309</u>
Denominated in foreign currency					
Samsung C&T and domestic subsidiaries					
Korea Energy Agency (Condition loans)	1.50 - 5.00		32,803		32,064
Citi Bank and others (General borrowings)	Libor + 0.75~0.80		110,429		106,330
SMBC (General borrowings)	Libor + 0.70		170,243		163,924
The Export-Import Bank of Korea and others (Facility loans)	3.42 ~ 4.01		70,664		25,186
Foreign subsidiaries					
SC Bank and others (General borrowings)	0.80 - 8.89		146,282		198,748
			<u>530,421</u>		<u>526,252</u>
Less: Current portion of long-term borrowings			<u>(315,174)</u>		<u>(278,291)</u>
			<u>215,247</u>		<u>247,961</u>
		₩	<u>691,577</u>	₩	<u>987,270</u>

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The annual maturities of long-term debts outstanding (excluding current portion) as at September 30, 2018, are as follows:

<i>(in millions of Korean won)</i>	Debentures (Face value)	Borrowings in Korean Won	Borrowings in foreign currencies	Total
October 1, 2019 ~ September 30, 2020	₩ 410,000	₩ 364,429	₩ 66,300	₩ 840,729
October 1, 2020 ~ September 30, 2021	500,000	105,479	27,951	633,430
October 1, 2021 ~ September 30, 2022	190,000	279	41,421	231,700
After October 1, 2022	90,000	6,143	79,575	175,718
	<u>₩ 1,190,000</u>	<u>₩ 476,330</u>	<u>₩ 215,247</u>	<u>₩ 1,881,577</u>

Long-term borrowings and debentures by currencies as at September 30, 2018 and December 31, 2017, are as follows:

<i>(in millions of Korean won)</i>	Long-term borrowings		Debentures	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
US Dollars	₩ 122,071	₩ 160,152	-	-
Korean Won	476,330	739,309	1,187,846	1,606,826
Euro	7,056	62,610	-	-
Japanese Yen	59,165	6,641	-	-
Others	26,955	18,558	-	-
	<u>₩ 691,577</u>	<u>₩ 987,270</u>	<u>₩ 1,187,846</u>	<u>₩ 1,606,826</u>

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18. Net Defined Benefit Liabilities

Details of net defined benefit liabilities as at September 30, 2018 and December 31, 2017, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2018		December 31, 2017	
Defined benefit obligation	₩	715,209	₩	748,931
Less: Plan assets		(623,071)		(689,776)
Less: Contribution to National Pension Fund		(684)		(798)
	₩	<u>91,454</u>	₩	<u>58,357</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 September 30, 2018, the Group is under contracts with Samsung Life Insurance Co., Ltd. and others 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 September 30, 2018 and December 31, 2017, are determined as follows:

<i>(in millions of Korean won)</i>	September 30, 2018		December 31, 2017	
Present value of funded defined benefit obligations	₩	715,209	₩	748,931
Fair value of plan assets ¹		(623,755)		(690,574)
Net defined benefit liabilities	₩	<u>91,454</u>	₩	<u>58,357</u>

¹ The amount includes contributions to the National Pension Fund of ₩ 684 million (December 31, 2017: ₩ 798 million).

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The amounts recognized in the statements of comprehensive income for the three-month and nine-month periods ended September 30, 2018 and 2017, are as follows:

(in millions of Korean won)

	2018		2017	
	Three months	Nine months	Three months	Nine months
Defined benefit plan				
Current service cost	₩ 24,898	₩ 71,891	₩ 24,470	₩ 73,446
Interest expense	6,031	18,243	5,361	16,083
Return on plan assets (excluding amounts included in interest expenses/income)	(5,545)	(16,559)	(4,309)	(13,141)
Defined contribution plan				
Post-employment benefits and others	1,393	3,412	692	2,065
Others	7,310	51,157	11,835	79,704
	<u>₩ 34,087</u>	<u>₩ 128,144</u>	<u>₩ 38,049</u>	<u>₩ 158,157</u>

Details of allocation of expenses for the three-month and nine-month periods ended September 30, 2018 and 2017, are as follows:

(in millions of Korean won)

	2018		2017	
	Three months	Nine months	Three months	Nine months
Cost of sales	₩ 17,905	₩ 54,046	₩ 17,839	₩ 55,500
Selling and administrative expenses (post-employment benefits)	13,995	62,642	17,261	90,639
Selling and administrative expenses (research and development)	890	6,979	1,828	9,110
Other assets	1,297	4,477	1,121	2,908
	<u>₩ 34,087</u>	<u>₩ 128,144</u>	<u>₩ 38,049</u>	<u>₩ 158,157</u>

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19. Provisions

Changes in provisions for the nine-month periods ended September 30, 2018 and 2017, are as follows:

(in millions of Korean won)

	2018			
	Construction warranties ¹	Restoring cost ²	Others ³	Total
December 31, 2017	₩ 180,633	₩ 43,369	₩ 155,215	₩ 379,217
Effect arising from adoption of Korean IFRS 1115	(640)	-	3,223	2,583
Additional provisions	15,728	2,588	88,795	107,111
Used and reversal	(13,765)	(1,866)	(54,918)	(70,549)
Exchange differences	353	1,569	1,809	3,731
Other changes	-	(13,569)	-	(13,569)
September 30, 2018	₩ 182,309	₩ 32,091	₩ 194,124	₩ 408,524
Current (Note 10)	₩ -	₩ -	₩ 110,183	₩ 110,183
Non-current	182,309	32,091	83,941	298,341

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

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

³ Others include provisions for product warranty and provisions reflecting risk of business.

(in millions of Korean won)

	2017			
	Construction warranties ¹	Restoring cost ²	Others ³	Total
December 31, 2016	₩ 176,855	₩ 43,078	₩ 114,268	₩ 334,201
Additional provisions	27,398	6,099	41,144	74,641
Used and reversal	(19,073)	(446)	(62,184)	(81,703)
Exchange differences	(1,038)	(2,156)	(4,071)	(7,265)
September 30, 2017	₩ 184,142	₩ 46,575	₩ 89,157	₩ 319,874
Current (Note 10)	₩ -	₩ -	₩ 52,189	₩ 52,189
Non-current	184,142	46,575	36,968	267,685

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

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

³ Others include provisions for product warranty and provisions reflecting risk of business.

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20. Contingencies and Commitments

As at September 30, 2018, 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 485,767 thousand, for the guarantee of the performance of export contracts amounting to USD 348,517 thousand and for the guarantee of various trade finance with a limit of USD 2,319,035 thousand. The receivables from export transactions sold to financial institutions, which amount to USD 503,894 thousand, are not yet due as at September 30, 2018.

As at September 30, 2018, 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 September 30, 2018, the Group is contingently liable for loan guarantees, principally for foreign associates and joint ventures amounting to USD 165,421 thousand (Note 31). The Group provides performance guarantees on the construction contracts of its foreign operations limited to USD 198,726 thousand, and the Group provides guarantees for the performance of other construction companies' projects amounting to ₩ 268,851 million. Conversely, other construction companies provide guarantees for the performance of the Group's projects amounting to ₩ 1,036,416 million.

As at September 30, 2018, the Group has short-term export insurance with Korea Trade Insurance Corporation. The certificates issued by Korea Trade Insurance Corporation (insured amount of ₩ 98,911 million) relating to guarantees provided by financial institutions are pledged as collateral.

As at September 30, 2018, the Group has been named as the defendant in certain lawsuits brought against it in the normal course of business. The aggregate amount of 245 claims brought against the Group, is approximately ₩ 444,151 million and USD 386,931 thousand. The Group also files 79 counterclaims amounting to ₩ 369,528 million and USD 923,523 thousand. The Group's management believes that the ultimate resolution of these cases will not have a material adverse effect on the operations or financial position of the Group.

As at September 30, 2018, the Group has 1,144 forward exchange contracts amounting to USD 631,805 thousand, EUR 23,873 thousand, JPY 75,271 thousand, CNY 390 thousand, SGD 994 thousand, GBP 20 thousand, KWD 7 thousand, and SEK 3,391 thousand, and 18 interest rate swap contracts with financial institutions whose contracts amount to ₩ 400,000 million, USD 42,500 thousand and EUR 37,218 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 127 commodity futures contracts with financial institutions with contract prices amounting to USD 91,904 thousand and three currency swap contracts with contract prices amounting to USD 129,244 thousand. For the nine-month period ended September 30, 2018, realized gains and losses from the contracts mentioned above, included in 'foreign exchange gain and loss', amount to approximately ₩ 66,075 million and ₩ 51,261 million, respectively.

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As at September 30, 2018 and for the nine-month period ended September 30, 2018, details of gain (loss) on valuation of derivative instruments are as follows:

<i>(in millions of Korean won)</i>	Gain on valuation		Loss on valuation		Accumulated other comprehensive income (loss)
Currency forward contracts	₩	6,905	₩	(5,768)	₩ (227)
Interest swap contracts		-		-	(1,557)
Currency swaps contracts		4,104		(269)	71
Commodity futures contracts		8,469		(3,781)	-

As at September 30, 2018, the Group has corporate purchase card agreements and collateral loan agreements using the trade receivables with a limit of ₩ 351,000 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 (exercise price amount to USD 192,452 thousand). In addition, on August 31, 2016, the Group notified the customer of construction contract termination considering the uncertainty of the business. The Group is continuing the negotiation with the customer in relation to the termination of contract, and the outcome cannot be estimated reliably.

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 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.

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In accordance with the joint venture agreement between Biogen Therapeutics Inc. and the Group, Biogen Therapeutics Inc. had a call option to purchase additional shares of Samsung BioEpi Co., Ltd., an investee of the Group, that would allow Biogen Therapeutics Inc. to increase its ownership interest up to 49.9%, and the option was exercised on June 29, 2018. The exercise price of the option is a sum of the acquisition price of the investment (proportion attributable to 49.9% of amount invested in biosimilar development less the amounts already invested in Biogen Therapeutics Inc.) and the cumulative interests on the investment (interests calculated based on return on equity according to the agreement). The differences between the exercise price of the option and fair value of the shares for call option will be recognized as derivative liabilities until the completion date of share transactions. Meanwhile, Biogen Therapeutics Inc. completed all the legal process of the share purchase on November 7, 2018. As a result, the ownership of the shares subject to the call option has been transferred to Biogen Therapeutics Inc (Note 37).

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	Retainment 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

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.

(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.

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Lease agreements

(a) Operating lease- The Group as a lessee

As at September 30, 2018, the Group has entered into operating lease agreements related to the domestic headquarters buildings and details are as follows:

Lessor	Lessee	Leased Premises
ALPADOHM CITY CO.,LTD.	Headquarters of construction segment	Alpharium Tower I, II
Korean Veterans Association	Headquarters of trading segment	Korva Tower
Military Mutual Aid Association	Headquarters of fashion segment	Military Mutual Aid Association Building
SAMSUNG ENGINEERING CO.,LTD	Headquarters of construction segment	Global Engineering Center
NongHyup Bank ¹	Headquarters of construction segment	East Central Tower Building

¹ As at September 30, 2018, the Group has entered into lease agreement on East Central Tower Building (the "Building") with NongHyup Bank, a trust agent of Inmark Professional Investment Type Real Estate Investment Company 10. The agreement will expire on February 26, 2028. The Group and Mirae Asset Daewoo Co., Ltd. possess the right of first refusal on the Building, which gives the Group and Mirae Asset Daewoo Co., Ltd. the preference right to purchase the building or sell the Building to a third party. When the rights of the Group and Mirae Asset Co., Ltd compete, the right of Mirae Asset Co., Ltd has priority. If the building is not sold until the expiration of the agreement, the agreement will be extended for 10 years.

The total of future minimum lease payments to be payable to the lessor and sublessor according to the lease agreements of the Building as at September 30, 2018 and December 31, 2017, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2018		December 31, 2017	
Within one year	₩	66,645	₩	39,944
Later than one year but not later than five years		199,371		116,808
Later than five years but not later than ten years		77,824		-
	₩	<u>343,840</u>	₩	<u>156,752</u>

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The estimated future rent revenue that could be earned by sublease contract of the Building as at September 30, 2018 and December 31, 2017, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2018		December 31, 2017	
Within one year	₩	16,721	₩	-
Later than one year but not later than five years		<u>21,666</u>		<u>-</u>
	<u>₩</u>	<u>38,387</u>	<u>₩</u>	<u>-</u>

21. Share Capital

The Group is authorized to issue 500 million shares with a par value of ₩ 100 per share. As at September 30, 2018, 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 up to ₩ 850 billion each. As at September 30, 2018, there are no convertible bonds and bonds with warrants issued under these terms.

Details of treasury shares as at September 30, 2018 and December 31, 2017, are as follows:

<i>(in millions of Korean won, except number of shares)</i>	<u>September 30, 2018</u>		<u>December 31, 2017</u>	
	Preferred share	Ordinary share	Preferred share	Ordinary share
Number of shares	159,849	26,225,503	159,849	26,225,503
Acquisition cost	₩ 16,978	₩ 1,895,517	₩ 16,978	₩ 1,895,517

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22. Other Components of Equity

Other components of equity as at September 30, 2018 and December 31, 2017, consist of:

<i>(in millions of Korean won)</i>	September 30, 2018		December 31, 2017	
Treasury shares (Note 21)	₩	(1,912,495)	₩	(1,912,495)
Other capital adjustments		(245,045)		(245,045)
Financial assets at fair value through other comprehensive income (Note 12)		7,312,990		8,711,376
Share of other comprehensive income of associates and joint ventures		60,055		27,441
Share of other comprehensive loss of associates and joint ventures		(93,372)		(92,859)
Share of other comprehensive loss of associates and joint ventures – held for sale (Note 36)		(1,315)		-
Exchange differences		(200,298)		(185,181)
Gain (loss) on valuation of derivative instruments, net (Note 20)		(1,527)		10,714
	₩	<u>4,918,993</u>	₩	<u>6,313,951</u>

23. Selling and Administrative Expenses

Selling and administrative expenses for the three-month and nine-month periods ended September 30, 2018 and 2017, are as follows:

<i>(in millions of Korean won)</i>	2018				2017			
	Three months		Nine months		Three months		Nine months	
Salaries and others	₩	203,013	₩	612,088	₩	131,491	₩	526,741
Welfare		28,594		84,718		23,883		77,333
Depreciation		39,374		119,706		46,417		137,059
Travel		12,849		36,008		12,070		35,494
Commission		201,659		564,096		196,343		580,410
Rent		45,893		152,950		48,100		156,950
Freight		76,689		221,547		70,429		202,608
Taxes and dues		11,680		17,099		9,704		31,766
Advertising		18,406		45,422		12,944		33,853
Research and development		18,239		62,296		26,560		78,505
Impairment loss (reversal) (Note 8)		(21,723)		(23,192)		3,199		(4,853)
Computational service fee		12,454		36,036		12,201		38,077
Sales promotion cost		9,365		25,793		8,656		26,184
Others		56,082		157,924		47,546		148,968
	₩	<u>712,574</u>	₩	<u>2,112,491</u>	₩	<u>649,543</u>	₩	<u>2,069,095</u>

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24. Other Income and Expenses

Other income and expenses for the three-month and nine-month periods ended September 30, 2018 and 2017, consist of:

(in millions of Korean won)

	2018		2017	
	Three months	Nine months	Three months	Nine months
Other income				
Share of profit of associates and joint ventures (Note 13)	₩ 2,646	₩ 45,638	₩ 7,680	₩ 63,870
Dividend income	106,572	448,071	42,314	308,812
Foreign exchange gain	79,143	173,614	66,061	221,021
Gain on translation of foreign currency	4,395	138,560	28,259	113,161
Gain on disposal of investments	(222)	19,503	2,022	8,295
Gain on disposal of property, plant and equipment	2,340	52,591	2,837	4,002
Gain on disposal of investment properties	195,080	241,064	-	-
Reversal of impairment loss on intangible assets	335	335	27,114	27,114
Gain on disposal of intangible assets	11	208	15	2,374
Reversal of provision for impairment (Note 8)	11,080	13,846	2,313	8,596
Gain on insurance settlement	19	166	7	69
Others	19,900	73,872	36,741	94,690
	<u>₩ 421,299</u>	<u>₩ 1,207,468</u>	<u>₩ 215,363</u>	<u>₩ 852,004</u>
Other expenses				
Share of loss of associates and joint ventures (Note 13)	₩ (1)	₩ 2	₩ 1,754	₩ 7,464
Foreign exchange loss	92,877	191,131	76,358	255,274
Loss on translation of foreign currency	25,660	110,651	44,936	141,584
Loss on valuation of financial assets at fair value through profit or loss	9,106	9,106	-	8
Impairment loss on investments	26,277	26,277	(89)	-
Loss on disposal of investments	1,850	1,959	2,011	3,254
Impairment loss on property, plant and equipment	8,953	13,202	-	7,349
Loss on disposal of property, plant and equipment	3,928	6,804	18,282	30,850
Impairment loss on intangible assets	25,319	25,330	363	363
Loss on disposal of intangible assets	494	557	44	132
Loss on disposal of trade receivables	4,936	17,420	6,959	14,498
Donations	3,479	13,714	4,504	15,165
Other impairment loss (Note 8)	52,793	74,384	11,265	35,572
Others	25,688	118,817	40,443	177,940
	<u>₩ 281,359</u>	<u>₩ 609,354</u>	<u>₩ 206,830</u>	<u>₩ 689,453</u>

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25. Breakdown of Expenses by Nature

Expenses recorded by nature as cost of sales, selling and administrative expenses in the consolidated statements of comprehensive income for the three-month and nine-month periods ended September 30, 2018 and 2017, consist of:

(in millions of Korean won)

	2018		2017	
	Three months	Nine months	Three months	Nine months
Changes in finished goods and work-in-process	₩ 4,331,584	₩ 12,478,096	₩ 3,826,114	₩ 10,939,590
Construction outsourcing	1,513,800	4,654,746	1,724,908	4,510,352
Employee benefit expenses	597,579	1,838,736	529,829	1,802,625
Commission	289,213	1,036,557	418,012	1,226,011
Freight	77,730	224,450	71,342	205,842
Research and development	18,239	62,296	26,561	78,498
Heavy construction equipment usage	50,951	151,712	54,633	149,775
Rent	76,776	246,481	81,294	263,119
Taxes and dues	37,139	117,693	34,092	131,842
Depreciation and amortization	92,137	288,962	57,913	277,142
Insurance	13,389	41,298	15,524	47,673
Outsourcing fee	132,912	333,215	138,089	336,610
Others	275,203	849,161	304,280	947,090
	<u>₩ 7,506,652</u>	<u>₩ 22,323,403</u>	<u>₩ 7,282,591</u>	<u>₩ 20,916,169</u>

26. Employee Benefits

Employee benefits for the three-month and nine-month periods ended September 30, 2018 and 2017, consist of:

(in millions of Korean won)

	2018		2017	
	Three months	Nine months	Three months	Nine months
Wages and salaries	₩ 487,068	₩ 1,459,961	₩ 411,355	₩ 1,396,954
Welfare	78,611	262,087	83,374	259,532
Post-employment benefits	31,900	116,688	35,100	146,139
	<u>₩ 597,579</u>	<u>₩ 1,838,736</u>	<u>₩ 529,829</u>	<u>₩ 1,802,625</u>

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27. 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 nine-month periods ended September 30, 2018 and 2017, are as follows:

<i>(in millions of Korean won)</i>	2018		2017	
	Three months	Nine months	Three months	Nine months
Operating profit in the consolidated statement of comprehensive income	₩ 273,829	₩ 861,126	₩ 210,053	₩ 598,022
Share of profit of associates and joint ventures (other income/ expenses)	2,647	45,636	5,926	56,406
Dividends income	106,572	448,071	42,314	308,812
Foreign exchange loss	(13,734)	(17,517)	(10,297)	(34,253)
Gain (loss) on translation of foreign currency	(21,265)	27,909	(16,677)	(28,423)
Loss on valuation of financial assets at fair value through profit or loss	(9,106)	(9,106)	-	(8)
Impairment loss on investments	(26,277)	(26,277)	89	-
Gain (loss) on disposal of investments	(2,072)	17,544	11	5,041
Impairment loss on property, plant and equipment	(8,953)	(13,202)	-	(7,349)
Gain (loss) on disposal of property, plant and equipment	(1,588)	45,787	(15,445)	(26,848)
Gain on disposal of investment properties	195,080	241,064		
Impairment loss on intangible assets (reversal)	(24,984)	(24,995)	26,751	26,751
Gain(Loss) on disposal of intangible assets	(483)	(349)	(29)	2,242
Other impairment loss	(41,713)	(60,538)	(8,952)	(26,976)
Donations	(3,479)	(13,714)	(4,504)	(15,165)
Loss on disposal of trade receivables	(4,936)	(17,420)	(6,959)	(14,498)
Others	(5,769)	(44,779)	(3,695)	(83,181)
Adjusted operating profit	₩ 413,769	₩ 1,459,240	₩ 218,586	₩ 760,573

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28. Financial Income and Expenses

Financial income and expenses for the three-month and nine-month periods ended September 30, 2018 and 2017, consist of:

(in millions of Korean won)

	2018		2017	
	Three months	Nine months	Three months	Nine months
Interest income:				
Deposits in bank	₩ 10,348	₩ 30,895	₩ 7,014	₩ 29,666
Securities	1,176	3,527	1,176	3,527
Loans	10,498	21,435	2,749	13,910
Overdue interest	15	23	3	21
Present value discounts	1,169	2,366	785	2,485
Others	5,128	16,220	4,877	16,216
Foreign exchange gain	19,348	32,730	5,725	30,638
Gain on translation of foreign currency	32,745	91,277	10,501	54,492
Total financial income	80,427	198,473	32,830	150,955
Interest expenses:				
Short-term borrowings	12,958	39,604	12,371	37,580
Long-term borrowings	9,108	23,726	6,126	20,833
Debentures	14,472	49,863	19,422	63,337
Others	8,124	17,326	9,520	16,479
Capitalized interests	(4,289)	(10,781)	(3,785)	(8,933)
Foreign exchange loss	2,996	13,216	9,674	22,484
Loss on translation of foreign currency	28,952	70,525	8,669	60,246
Total financial expenses	72,321	203,479	61,997	212,026
Financial expenses (income), net	₩ (8,106)	₩ 5,006	₩ 29,167	₩ 61,071

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29. 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.

30. Earnings per Share

Basic earnings per ordinary share for the nine-month periods ended September 30, 2018 and 2017, is as follows:

<i>(in Korean won and in shares)</i>	2018		2017	
Profit for the period ¹	₩	1,045,057 million	₩	484,172 million
Profit for the period attributable to ordinary shares		1,035,704 million		479,809 million
Weighted average number of ordinary shares outstanding		163,464,540 shares		163,464,540 shares
Basic earnings per ordinary share	₩	6,336	₩	2,935

¹ The amount is the profit attributable to the owners of the Parent Company for the period.

Basic earnings per preferred share for the nine-month periods ended September 30, 2018 and 2017, is as follows:

<i>(in Korean won and in shares)</i>	2018		2017	
Profit for the period ¹	₩	1,045,057 million	₩	484,172 million
Profit for the period attributable to preferred shares		9,353 million		4,363 million
Weighted average number of preferred shares outstanding		1,467,591 shares		1,467,591 shares
Basic earnings per preferred share	₩	6,373	₩	2,973

¹ 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 nine-month periods ended September 30, 2018 and 2017.

31. Related Party Transactions

As at September 30, 2018, the Group's related parties consist of 53 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 September 30, 2018.

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Significant transactions between the Parent Company and related parties (associates, joint ventures and other related party) for the nine-month periods ended September 30, 2018 and 2017, and the related account balances as at September 30, 2018 and December 31, 2017, consist of the following:

(in millions of Korean won)

	Sales ²		Purchases		Receivables		Payables	
	2018	2017	2018	2017	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Associates								
Samsung Bioepis Co., Ltd.	₩ 5,708	₩ 12,189	₩ -	₩ -	₩ 3,983	₩ 3,614	₩ -	₩ -
Waris Gigih Engineering & Technology Sdn. Bhd.	48	168	-	-	-	-	-	-
Dongducheon Dream Power Co., Ltd.	-	119	-	860	-	30,817	-	-
Busan Green Energy Co., Ltd.	-	30,916	-	-	-	-	-	-
Gangneung Eco Power Co., Ltd.	50,731	7,286	-	-	4,605	12,970	371,130	-
Gaziantep Hospital Management Investment Company	24,295	3,763	-	-	504	34	-	-
Rabigh Investment Company	-	-	-	-	51,694	49,774	-	-
Others	706	434	72,364	1,600	98	159	4,806	1
Joint ventures								
FCC Saudi LLC	22,840	9,979	-	84	2,561	80	-	-
Others	694	122	5	-	1,641	912	-	-
Other related party								
Samsung Electronics Co., Ltd.	2,123,411	2,046,311	76,052	107,131	101,839	617,069	208,193	218,983
Others¹								
Samsung Display Co., Ltd.	503,371	347,089	2,318	22,895	111,446	99,398	23,071	23,350
Samsung Heavy Industries Co., Ltd.	15,511	7,919	26	7	7,778	104	4,398	4,398
Samsung Life Insurance Co., Ltd. ³	41,502	24,496	3,157	3,224	2,431	17,771	41,767	41,767
Others	85,928	71,661	151,585	140,747	836,532	972,531	191,383	213,636

¹ 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.

² Unbilled revenue from construction contracts of ₩ 343,233 million (2017: ₩ 332,225 million) is excluded from sales. In addition, Due from customer for contract work amounting to ₩ 436,641 million (December 31, 2017: ₩ 352,712 million) and due to customers for contract work amounting to ₩ 323,088 million (December 31, 2017: ₩ 549,233 million) are excluded from receivables and payables, respectively.

³ As at September 30, 2018, the Group deposited ₩ 441,928 million (December 31, 2017: ₩ 515,323 million) in Samsung Life Insurance Co., Ltd. as plan assets.

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(in millions of Korean won)	Sales ²		Purchases		Receivables		Payables	
	2018	2017	2018	2017	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Associates								
Samsung Bioepis Co., Ltd.	₩ 179,015	₩ 12,844	₩ 1	₩ 1	₩ 80,698	₩ 3,682	₩ 19,982	₩ -
Chongqing Shanxia Technology Textile Co., Ltd.	-	-	-	-	115	111	-	-
KST POWER NORTE S.A. DE C.V.	1,461	1,517	-	-	40,665	37,720	-	-
Others	215	-	-	-	69	25	-	-
Joint ventures								
South Kent Wind LP	22,051	-	-	-	43	42	-	-
SP Belle River LP	293	342	-	-	33	1,077	-	-
Windsor Solar LP	-	6,005	-	-	-	-	-	-
LJG Green Source Energy Alpha S.R.L.	1,084	73	-	-	22,979	18,966	-	-
Kelar S.A.	1,552	1,055	-	-	29,665	27,099	-	-
Others	47,186	1,536	9	-	453	1,702	36,436	5
Other related party								
Samsung Electronics Co., Ltd.	337,933	298,252	8,325	12,823	48,517	79,032	14,385	8,247
Others¹								
Samsung Display Co., Ltd.	75,477	70,279	35	54	16,872	22,790	932	481
Samsung Heavy Industries Co., Ltd.	255,034	149,497	8	9	58,293	42,922	720	360
Samsung Life Insurance Co., Ltd. ³	10,675	11,737	2,376	5,509	989	4,736	2,820	1,410
Others	276,171	290,536	137,424	307,254	39,600	32,845	39,600	102,523

¹ 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.

² Unbilled revenue from construction contracts based on the percentage of completion of ₩ 8,790 million (2017: ₩ (-)1,458 million) is excluded from sales. In addition, Due from customer for contract work amounting to ₩ 6,760 million (December 31, 2017: ₩ 9,996 million) and due to customers for contract work amounting to ₩ 11,048 million (December 31, 2017: ₩ 22,481 million) are excluded from receivables and payables, respectively.

³ As at September 30, 2018, the Group (except for the Parent Company) deposited ₩ 149,731 million (December 31, 2017: ₩ 138,339 million) and ₩ 27,008 million (December 31, 2017: ₩ 35,445 million) as plan assets in Samsung Life Insurance Co., Ltd. and Samsung Fire & Marine Insurance Co., Ltd., respectively.

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Major fund transactions with a related party for the nine-month periods ended September 30, 2018 and 2017, are as follows:

<i>(in millions of Korean won)</i>	2018				2017			
	Loans		Repayments		Loans		Repayments	
Kelar S.A.	₩	-	₩	-	₩	27,495	₩	-
LLC. Uglegorskugol		-		144		-		810

Payment guarantees for the liabilities of associates and joint ventures provided by the Group as at September 30, 2018, are as follows:

<i>(in thousands of US dollars)</i>	Principal debtor	Guaranteed period	Guaranteed amount	
			Actual borrowings	Guaranteed amount
Associates				
Terminal KMS de GNL, S. de R.L. de C.V.	Santander and others	Sep. 1, 2029	\$ 87,248	\$ 87,248
KST Electric Power Company, SAPI de C.V.	KEB Hana Bank and others	Dec. 30, 2018	13,035	13,035
Joint venture				
Kelar S.A.	BTMU and others	Apr. 30, 2031	13,654	34,654
			<u>\$ 113,937</u>	<u>\$ 134,937</u>

As at September 30, 2018, 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 13).

As at September 30, 2018, investments in Gaziantep SPV (acquisition cost: ₩ 5,569 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 13).

The Group has entered into a lease agreement in relation to use of land with Incheon Metropolitan City and entered into sublease agreements 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 ₩ 4,737 million and ₩ 504 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 nine-month period ended September 30, 2018, the Group recognized expenses amounting to ₩ 2,038 million.

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32. Cash Generated from Operations

Reconciliation between operating profit and net cash inflow (outflow) from operating activities, for the nine-month periods ended September 30, 2018 and 2017, is as follows:

<i>(in Korean won)</i>	2018	2017
Profit for the period	₩ 939,725,783,546	₩ 428,685,811,033
Addition		
Income tax expense	380,591,028,646	183,312,882,034
Interest expense	119,737,680,034	129,296,745,170
Depreciation and amortization	330,866,748,931	361,077,386,351
Post-employment benefits	73,574,164,981	76,388,194,372
Impairment loss	(23,191,522,151)	(4,852,894,369)
Other impairment loss	74,384,280,886	35,572,611,226
Transfer in provision for construction losses	59,299,711,234	16,454,989,721
Transfer in provision for construction warranties	15,441,811,311	27,398,182,246
Loss on foreign currency translation	181,175,567,960	201,829,468,618
Loss on valuation of financial assets at fair value through profit or loss	9,105,613,666	8,190,000
Loss on disposal of investments	1,959,353,053	3,245,784,531
Impairment loss on investments	26,277,390,637	7,176,589
Loss on disposal of property, plant and equipment	6,803,711,152	30,850,064,833
Impairment loss on property, plant and equipment	13,201,520,486	7,348,500,000
Loss on disposal of intangible assets	556,698,416	132,258,853
Impairment loss on intangible assets	25,329,732,398	363,333,333
Share of loss of associates and joint ventures	151,619,505,179	110,472,255,862
Others expenses	102,454,031,801	23,247,120,282
	<u>1,549,187,028,620</u>	<u>1,202,152,249,652</u>
Deduction		
Interest income	(74,466,110,109)	(65,825,667,961)
Dividend income	(448,070,978,614)	(308,812,030,441)
Gain on foreign exchange translation	(229,837,241,329)	(167,652,165,639)
Reversal of provision for construction losses	(54,447,127,333)	(71,708,427,882)
Reversal of provision for impairment	(13,846,347,405)	(8,595,552,637)
Gain on valuation of financial assets at fair value through profit or loss	(37,500,000)	-
Gain on disposal of investments	(19,502,670,368)	(8,294,755,528)
Gain on disposal of property, plant and equipment	(52,591,132,867)	(4,002,037,605)
Gain on disposal of intangible assets	(207,942,102)	(2,374,416,867)
Reversal of impairment loss on intangible assets	(334,792,667)	(27,114,000,000)
Gain on disposal of investment properties	(241,063,607,549)	-
Share of profit of associates and joint ventures	(63,337,791,007)	(79,374,605,205)
Other income	(4,114,391,520)	(16,668,782,006)
	<u>(1,201,857,632,870)</u>	<u>(760,422,441,771)</u>

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<i>(in Korean won)</i>	2018	2017
Changes in operating assets and liabilities		
Decrease in trade receivables	712,643,429,069	852,452,129,031
Increase in other current assets	(300,344,252,387)	(112,074,640,433)
Increase in inventories	(278,705,425,003)	(209,068,114,072)
Decrease in trade payables	(76,495,656,030)	(445,047,287,933)
Decrease in other current liabilities	(719,520,003,951)	(460,831,620,037)
Decrease in provisions for construction warranties	(13,764,768,898)	(19,072,746,940)
Increase in long-term unearned income	22,150,267,284	-
Increase (decrease) in long-term non-trade payables	21,904,644,440	(32,101,037,238)
Payment of defined benefit liability	(125,850,420,172)	(63,424,561,450)
Decrease in plan assets	83,015,295,634	40,571,505,233
Transfer in of defined benefit liability	2,409,000,614	43,808,330
Others	(43,021,794,635)	14,655,952,108
	<u>(715,579,684,035)</u>	<u>(433,896,613,401)</u>
Cash generated from operations	<u>₩ 571,475,495,261</u>	<u>₩ 436,519,005,513</u>

Changes in liabilities arising from financial activities for the nine-month period ended September 30, 2018, are as follows:

<i>(in millions of Korean won)</i>		<u>Transactions without cash flows</u>			
	At January 1, 2018	Cash flows from financial activities	Amortization	Others²	At September 30, 2018
Short-term borrowings	₩ 2,093,310	₩ (638,015)	₩ -	₩ 17,431	₩ 1,472,726
Long-term borrowings ¹	1,314,589	81,839	-	25,801	1,422,229
Debentures ¹	2,626,308	(680,421)	1,586	-	1,947,473
	<u>₩ 6,034,207</u>	<u>₩ (1,236,597)</u>	<u>₩ 1,586</u>	<u>₩ 43,232</u>	<u>₩ 4,842,428</u>

¹ Long-term borrowings include current portion of borrowings and debentures.

² Others include changes due to exchange differences and others.

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33. 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.

Also, a summary of information on the Group's operations by business segment as at and for the nine-month periods ended September 30, 2018 and 2017, is prepared after elimination of intercompany transactions in operating profit, and liabilities of operating segments are not included as those are not periodically reported to the Group's management.

Summary of information on the Group's operations by business segment as at and for the nine-month periods ended September 30, 2018 and 2017, is as follows:

(in millions of Korean won)

	2018							Total
	Construction	Trading	Fashion	Resort	Food and beverages	Bio	Common	
External sales	₩ 8,992,667	₩ 13,282,131	₩ 1,329,964	₩ 510,918	₩ 1,490,706	₩ 362,398	₩ -	₩ 25,968,784
Internal sales	(40,590)	(2,616,284)	(64,985)	(2,754)	(59,641)	-	-	(2,784,254)
Net sales	8,952,077	10,665,847	1,264,979	508,164	1,431,065	362,398	-	23,184,530
Operating profit (loss)	605,495	151,947	(12,518)	32,974	70,350	12,878	-	861,126
Adjusted operating profit	922,698	295,686	95,404	70,781	61,827	12,844	-	1,459,240
Total assets ¹	7,828,607	4,231,313	1,188,772	2,421,805	628,524	7,547,471	22,150,175	45,996,667

¹ For total assets, the common amount is separately presented.

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(in millions of Korean won)

	2017							
	Construction	Trading	Fashion	Resort	Food and beverages	Bio	Common	Total
External sales	₩ 9,043,838	₩ 11,217,477	₩ 1,307,453	₩ 536,634	₩ 1,432,305	₩ 298,318	₩ -	₩ 23,836,025
Internal sales	(43,625)	(2,149,823)	(67,031)	(2,850)	(58,505)	-	-	(2,321,834)
Net sales	9,000,213	9,067,654	1,240,422	533,784	1,373,800	298,318	-	21,514,191
Operating profit (loss)	334,541	134,454	(4,872)	57,298	95,513	(18,912)	-	598,022
Adjusted operating profit (loss)	341,431	248,496	38,140	104,551	85,181	(57,226)	-	760,573
Total assets ¹	9,537,178	4,114,257	1,300,692	2,461,064	610,652	7,401,672	22,410,346	47,835,861

¹ For total assets, the common amount is separately presented.

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Summary of information on the Group's operations by geographic areas, where the Parent Company and its subsidiaries are located respectively, for the nine-month periods ended September 30, 2018 and 2017, is as follows:

<i>(in millions of Korean won)</i>	2018				
	Domestic	Asia	Europe	The Americas	Total
Total revenue	₩ 17,579,801	₩ 6,114,632	₩ 878,872	₩ 1,395,479	₩ 25,968,784
Intercompany revenue	<u>(1,756,321)</u>	<u>(731,389)</u>	<u>(181,752)</u>	<u>(114,792)</u>	<u>(2,784,254)</u>
Revenue from external customers	<u>₩ 15,823,480</u>	<u>₩ 5,383,243</u>	<u>₩ 697,120</u>	<u>₩ 1,280,687</u>	<u>₩ 23,184,530</u>
	2017				
	Domestic	Asia	Europe	The Americas	Total
Total revenue	₩ 17,135,863	₩ 4,508,598	₩ 892,449	₩ 1,299,115	₩ 23,836,025
Intercompany revenue	<u>(1,553,518)</u>	<u>(568,306)</u>	<u>(197,887)</u>	<u>(2,123)</u>	<u>(2,321,834)</u>
Revenue from external customers	<u>₩ 15,582,345</u>	<u>₩ 3,940,292</u>	<u>₩ 694,562</u>	<u>₩ 1,296,992</u>	<u>₩ 21,514,191</u>

34. Financial Risk Management

34.1 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, 2017 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, 2017.

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34.2 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 September 30, 2018 and December 31, 2017, are as follows:

(in millions of Korean won)

	September 30, 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at fair value through other comprehensive income	₩ 20,988,727	₩ 733	₩ 251,945	₩ 21,241,405
Financial assets at fair value through profit or loss	2,202	360,119	57,880	420,201
Derivative financial instruments:				-
Held for trading	-	10,662	26,393	37,055
Hedging	-	10,480	-	10,480
	<u>₩ 20,990,929</u>	<u>₩ 381,994</u>	<u>₩ 336,218</u>	<u>₩ 21,709,141</u>
Liabilities measured at fair value				
Derivative financial instruments:				
Held for trading	₩ -	₩ 16,004	₩ 1,933,562	₩ 1,949,566
Hedging	-	3,300	-	3,300
	<u>₩ -</u>	<u>₩ 19,304</u>	<u>₩ 1,933,562</u>	<u>₩ 1,952,866</u>

(in millions of Korean won)

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at fair value through other comprehensive income	₩ 22,883,966	₩ 815	₩ 319,952	₩ 23,204,733
Financial assets at fair value through profit or loss	2,165	-	22,274	24,439
Derivative financial instruments:				
Held for trading	-	18,149	-	18,149
Hedging	-	6,351	-	6,351
	<u>₩ 22,886,131</u>	<u>₩ 25,315</u>	<u>₩ 342,226</u>	<u>₩ 23,253,672</u>
Liabilities measured at fair value				
Derivative financial instruments:				
Held for trading	₩ -	₩ 14,810	₩ 1,933,562	₩ 1,948,372
Hedging	-	8,788	-	8,788
	<u>₩ -</u>	<u>₩ 23,598</u>	<u>₩ 1,933,562</u>	<u>₩ 1,957,160</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 nine-month period ended September 30, 2018, 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>	Fair value	Level	Fair value measurements	Inputs
Financial assets measured at fair value				
Energy industry equities	₩ 72,601	3	Net asset value method, discounted cash flow method and others	Growth rate, discount rate and others
Cooperative contribution	44,708	3	Net asset value method, discounted cash flow method and others	Growth rate, discount rate and others
Other equities	192,516	3	Net asset value method, discounted cash flow method and others	Growth rate, discount rate and others
Investment bonds	360,852	2	Discounted cash flow method	Counterparty credit risk and others
Derivatives (assets)				
Currency forwards and others	21,142	2	Market approach	Currency forwards rate , discount rate and others
Option	26,393	3	LSMC model	Underlying asset (East Central Tower Building)
Derivatives (liabilities)				
Currency forwards and others	19,304	2	Market approach	Currency forwards rate , discount rate and others
Option ¹	1,933,562	3	Binomial option pricing model	Fair value of underlying asset (Samsung Bioepis Co., Ltd.)

¹ As the Group determined that changes in fair value of derivative liabilities are not significant, fair market valuation was not performed for the nine-month period ended September 30, 2018.

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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35. Changes in Accounting Policies

As explained in Note 2, The Group has applied Korean IFRS 1115 *Revenue from Contracts with Customers* from January 1, 2018. In accordance with the transitional provisions in Korean IFRS 1115, comparative figures have not been restated. The application of Korean IFRS 1115 has impact on the financial statements as follows.

In summary, the following adjustments were made to the amounts recognized in the statements of financial position at the date of initial application (January 1, 2018):

<i>(in millions of Korean won)</i>	December 31, 2017		January 1, 2018	
	(before		(after	
	adjustments)¹	Adjustments	adjustments)¹	
Trade receivables	₩ 4,992,459	₩ (170,035)	₩ 4,822,424	
Other current assets	2,628,872	(81,225)	2,547,647	
Inventories	1,533,034	3,222	1,536,256	
Investments in associates and joint ventures	5,741,754	(143,959)	5,597,795	
Other non-current assets	711,126	31,702	742,828	
Total assets	₩ 49,048,903	₩ (360,295)	₩ 48,688,608	
Other current liabilities	9,180,835	(91,888)	9,088,947	
Deferred tax liabilities	6,295,263	(44,286)	6,250,977	
Provisions	257,025	2,583	259,608	
Other non-current liabilities	234,607	42,720	277,327	
Total liabilities	₩ 23,897,653	₩ (90,871)	₩ 23,806,782	
Retained earnings	5,755,405	(181,400)	5,574,005	
Non-controlling interests	2,594,498	(88,024)	2,506,474	
Total equity	₩ 25,151,250	₩ (269,424)	₩ 24,881,826	

(i) Accounting for returns and refunds

Under the previous standard, when the customer has a right to return the product within a given period, the Group previously recognized a provision for returns which was measured on a net basis at the margin on the sale. Under Korean IFRS 1115, if a customer returns a product, the gross amount for the expected refunds to customers is recognized.

(ii) Accounting for costs to fulfil a contract

Under the previous standard, the cost of obtaining a contract was recognized as asset based on the possibility of obtaining the contract without considering the nature or recoverability of contract amount. Under Korean IFRS 1115, if the costs incurred in fulfilling a contract with a customer are related directly to a contract that the entity can specifically generate resources of the entity that will be used in satisfying performance obligations in the future, and are expected to be recovered, the costs are recognized as assets, and the related trade receivables (due from customer for contract work) and advances received (due to customer for contract work) are adjusted.

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(iii) Offsetting of contract assets and contract liabilities

Under the previous standard, due from customers and advance payments (due to customers) from single contract were reported in gross amounts. Under Korean IFRS 1115, as due from customers and advance payments (due to customers) are contract asset and contract liabilities, respectively, due from customers and advance payments (due to customers) from a single contract were subject to offset and reported in net amounts.

(iv) Accounting for CMO business

Under the previous standards, for sales of biomedical supplies, revenue was recognized considering that the significant risks and rewards of ownership was transferred to customer when the produced goods have obtained quality release from the customer; and for services, revenue was recognized when service was transferred. Under Korean IFRS 1115, only sales of biomedical supplies was identified as performance obligation and accordingly revenue was allocated and recognized over the period of time control over the goods transfer to customers. Due to such changes, contract assets and contract liabilities were newly recognized.

(v) Accounting for CDO business

Under the previous standards, revenue was recognized by allocating the considerations received for each research steps based on period of time spent on each research. Under Korean IFRS 1115, whole research activities are considered as a single performance obligation, which total contract amounts are recognized based on the percentage of completion. Due to such changes, contract assets and contract liabilities are newly recognized.

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Financial statement line items affected by the adoption of the new rules in the current period are as follows:

Consolidated statement of financial position

<i>(in millions of Korean won)</i>	Reported amount		Adjustments		Amount before application of Korean IFRS 1115
Trade receivables	₩	4,285,986	₩	647,185	₩ 4,933,171
Other current assets		2,936,266		86,596	3,022,862
Inventories		1,825,712		7,763	1,833,475
Investments in associates and joint ventures		3,360,169		130,642	3,490,811
Other non-current assets		739,877		(60,376)	679,501
Total assets	₩	<u>45,996,667</u>	₩	<u>811,810</u>	₩ <u>46,808,477</u>
Other current liabilities	₩	8,584,674	₩	595,585	₩ 9,180,259
Deferred tax liabilities		5,643,174		34,992	5,678,166
Provisions		298,341		(2,159)	296,182
Other non-current liabilities		310,750		(57,154)	253,596
Total liabilities	₩	<u>21,903,088</u>	₩	<u>571,264</u>	₩ <u>22,474,352</u>
Retained earnings	₩	6,288,555	₩	160,622	₩ 6,449,177
Non-controlling interests		2,398,634		79,924	2,478,558
Total equity	₩	<u>24,093,579</u>	₩	<u>240,546</u>	₩ <u>24,334,125</u>

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Consolidated statement of comprehensive income

<i>(in millions of Korean won)</i>	Reported amount		Adjustments		Amount before application of Korean IFRS 1115
Net sales	₩	23,184,530	₩	28,974	₩ 23,213,504
Cost of sales		20,210,913		53,721	20,264,634
Gross profit		2,973,617		(24,747)	2,948,870
Selling and administrative expenses		2,112,491		108	2,112,599
Operating profit		861,126		(24,855)	836,271
Non-operating income and expenses		459,190		(13,317)	445,873
Income tax expenses		380,591		(8,871)	371,720
Profit for the period		939,725		(29,301)	910,424
Total comprehensive income (loss)		(447,954)		(29,301)	(477,255)

Consolidated statement of cash flows

<i>(in millions of Korean won)</i>	Reported amount		Adjustments		Amount before application of Korean IFRS 1115
Profit for the period	₩	939,726	₩	(29,302)	₩ 910,424
Adjustments for		347,482		(26,782)	320,700
Income tax expenses		380,591		(8,871)	371,720
Other expenses		102,454		(2,297)	100,157
Share of profit or loss of associates and joint ventures		88,282		(13,317)	74,965
Other income		(4,114)		(2,297)	(6,411)
Changes in operating assets and liabilities		(715,710)		24,492	(691,218)
Decrease in trade receivables		712,643		(4,745)	707,898
Increase in inventories		(278,705)		(12,715)	(291,420)
Increase in other current assets		(300,344)		25,069	(275,275)
Decrease in other current liabilities		(719,520)		17,027	(702,493)
Decrease in provisions for construction warranties		(13,765)		(143)	(13,908)

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The Group has applied Korean IFRS 1109 on January 1, 2017, the date of initial application. The application of Korean IFRS 1109 has following impacts on the financial statements as at September 30, 2017.

Consolidated statement of comprehensive income (for the nine-month period ended September 30, 2017)

<i>(in millions of Korean won)</i>	Amount before application of Korean IFRS 1109		Amount after application of Korean IFRS 1109		Difference
Selling and administrative expenses	₩	2,054,489	₩	2,069,095	₩ 14,606
Operating profit		612,628		598,022	(14,606)
Other income		851,793		852,004	211
Other expenses		693,290		689,453	(3,837)
Profit before income tax		622,557		611,999	(10,558)
Income tax expense		186,431		183,313	(3,118)
Profit for the period		436,126		428,686	(7,440)
Items that may be subsequently reclassified to profit or loss					
Changes in the fair value of available-for-sale securities		3,769,418		-	(3,769,418)
Items that will not be reclassified to profit or loss					
Gain on valuation of financial assets at fair value through other comprehensive income		-		3,767,225	3,767,225
Total comprehensive income		4,164,142		4,154,499	(9,643)
Earnings per share					
Basic earnings per share <i>(in Korean won)</i>		2,980		2,935	(45)

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Consolidated statement of changes in equity (for the nine-month period ended September 30, 2017)

	Amount before application of Korean IFRS 1109			Amount after application of Korean IFRS 1109			Difference		
	Attributable to owners of the Parent			Attributable to owners of the Parent			Attributable to owners of the Parent		
	Company	Other components of equity	Total equity	Company	Other components of equity	Total equity	Company	Other components of equity	Total equity
Cumulative effect of changes in accounting policy	₩ -	₩ -	₩ -	₩ (16,550)	₩ 551	₩ (15,999)	₩ (16,550)	₩ 551	₩ (15,999)
Profit for the period	491,612	-	436,125	484,172	-	484,172	(7,440)	-	(7,440)
Changes in the fair value of available-for-sale financial assets	-	3,769,418	3,769,418	-	-	-	-	(3,769,418)	(3,769,418)
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	-	-	-	(1,105)	3,768,319	3,767,214	(1,105)	3,768,319	3,767,214
Balance at September 30, 2017	5,630,713	6,332,241	22,450,350	5,605,618	6,331,693	22,424,707	25,145,470	(25,095)	(548)
			25,171,113			22,424,707	22,424,707		3,767,214
									(25,643)

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Consolidated statement of cash flows (for the nine-month period ended September 30, 2017)

<i>(in millions of Korean won)</i>	Amount before application of Korean IFRS 1109		Amount after application of Korean IFRS 1109		Difference
Profit for the period	₩	436,125	₩	428,686	₩ (7,439)
Addition of expenses without cash outflows		1,194,502		1,202,152	7,650
Deduction of revenues without cash inflows		(760,212)		(760,422)	(210)
Disposal of available-for-sale financial assets		59,231		-	(59,231)
Disposal of financial assets at fair value through profit or loss		-		11,555	11,555
Disposal of financial assets at fair value through other comprehensive income		-		47,676	47,676
Acquisition of available-for-sale financial assets		(9,229)		-	9,229
Acquisition of financial assets at fair value through profit or loss		-		(156)	(156)
Acquisition of financial assets at fair value through other comprehensive income		-		(9,073)	(9,073)

Notes to the consolidated financial statements

The accompanying notes relevant to the impact on the consolidated statements of comprehensive income, changes in equity and cash flows shown above have been modified.

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36. Assets Held for Sale

Details of assets held for sale and accumulated other comprehensive income classified as held for sale as at September 30, 2018, are as follows:

<i>(in millions of Korean won)</i>	2018
Assets held for sale:	
Investments in associates and joint ventures	
Samsung Bioepis Co., Ltd. ¹	₩ 2,193,617
Songdo Landmark City Limited	20,522
Accumulated other comprehensive income classified as held for sale:	
Share of other comprehensive income of associates and joint ventures	
Samsung Bioepis Co., Ltd. ¹	(1,315)

¹ In accordance with the joint venture agreement between Biogen Therapeutics Inc. and the Group, Biogen Therapeutics Inc. had a call option to purchase additional shares of Samsung BioEpi Co., Ltd. that would allow Biogen Therapeutics Inc. to increase its ownership interest up to 50% minus one share, and the option was exercised on June 29, 2018. Accordingly, the Group determined that the contract was committed and classified the related investments as held for sale. Meanwhile, Biogen Therapeutics Inc. completed all the legal process of the share purchase on November 7, 2018. As a result, the ownership of the shares subject to the call option has been transferred to Biogen Therapeutics Inc (Note 37).

The assets held for sale are measured the lower of fair value less costs of disposal and its book amount, and no impairment loss was recognized for the nine-month period ended September 30, 2018.

37. Events after the Reporting Period

As described in Notes 20 and 36, Biogen Therapeutics Inc. had a call option to purchase additional shares of Samsung BioEpi Co., Ltd., an investee of the Group, that would allow Biogen Therapeutics Inc. to increase its ownership interest up to 50% minus one share, and the option was exercised on June 29, 2018. Biogen Therapeutics Inc. completed all the legal process of the share purchase on November 7, 2018. As a result, the ownership of the shares subject to the call option has been transferred to Biogen Therapeutics Inc. The selling price is ₩ 759,461 million and the related assets held for sale, derivative liabilities and others recognized in the financial statements as at September 30, 2018, will be derecognized.