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82- SUBMISSIONS FACING SHEET

**Follow-Up
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REGISTRANT'S NAME

Samsung Electronics Co., Ltd

*CURRENT ADDRESS

**FORMER NAME

**NEW ADDRESS

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FISCAL YEAR 12-31-02

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SAMSUNG ELECTRONICS CO., LTD. Audit Report 2002

as of and for the years ended December 31, 2002 and 2001

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SAMSUNG ELECTRONICS CO., LTD.
Audit Report 2002

as of and for the years ended December 31, 2002 and 2001

Samil Accounting Corporation
Kukje Center Building
191 Hankangro 2 ga, Yongsanku
Seoul 140-702, KOREA
(Yongsan P.O.Box 266, 140-600)

Independent Auditor's Report

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

We have audited the accompanying non-consolidated balance sheets of Samsung Electronics Co., Ltd. (the "Company") as of December 31, 2002 and 2001, and the related non-consolidated statements of income, appropriations of retained earnings and cash flows for the years then ended, expressed in Korean Won. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the non-consolidated financial statements, referred to above present fairly, in all material respects, the financial position of Samsung Electronics Co., Ltd. as of December 31, 2002 and 2001, and the results of its operations, the changes in its retained earnings and its cash flows for the years then ended, in conformity with financial accounting standards generally accepted in the Republic of Korea.

Continued;

As discussed in Note 15 to the accompanying financial statements, in June 1999, Samsung Motors Inc. ("SMI"), an affiliate of the Company, filed a petition for court receivership. In connection with this petition, the Company and 30 other Samsung Group affiliates (the "Affiliates") entered into an agreement with the institutional creditors (the "Creditors") of SMI in September 1999. In accordance with this agreement, the Company and the Affiliates agreed to sell 3,500,000 shares of Samsung Life Insurance Co., Ltd., transferred to the Creditors in connection with the petition for court receivership of SMI by December 31, 2001. In the event that the sales proceeds fall short of ₩2,450,000 million, the Company and the Affiliates have agreed to compensate the Creditors for the shortfall by other means, including the participation in any equity offering or subordinated debentures issued by the Creditors. Any excess proceeds over ₩2,450,000 million are to be distributed to the Company and the Affiliates. As of December 31, 2002, the shares in Samsung Life Insurance Co., Ltd. were not sold. As of the balance sheet date, the ultimate effect of these matters on the financial position of the Company cannot presently be determined.

As discussed in Note 25 to the accompanying financial statements, the Company had sales amounting to ₩1,621,168 million and US\$18,203,794 thousand to subsidiaries and affiliated companies within the Samsung Group during the year ended December 31, 2002. Related accounts receivable as of December 31, 2002 amounted to ₩437,023 million and US\$116,636 thousand.

The amounts expressed in U.S. Dollars are provided solely for the convenience of the reader and have been translated on the basis set forth in Note 3 to the accompanying financial statements.

Accounting principles and auditing standards and their application in practice vary among countries. The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than the Republic of Korea. In addition, the procedures and practices used in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying financial statements are for use by those who are knowledgeable about Korean accounting principles or auditing standards and their application in practice.

Samil Accounting Corporation

Seoul, Korea
January 30, 2003

SAMSUNG ELECTRONICS CO., LTD.

NON-CONSOLIDATED BALANCE SHEETS

December 31, 2002 and 2001

| | In Millions of Korean Won | | In Thousands of U.S. Dollars (Note 3) | |
|---|------------------------------|------------------|---|------------------|
| | 2002 | 2001 | 2002 | 2001 |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents (Note 4) | ₩ 1,409,380 | ₩ 990,371 | \$ 1,174,483 | \$ 825,309 |
| Short-term financial instruments (Note 4) | 4,273,002 | 1,832,504 | 3,560,835 | 1,527,087 |
| Marketable securities (Note 5) | 1,744,897 | 3,291 | 1,454,081 | 2,742 |
| Trade accounts and notes receivable, net of allowance for doubtful accounts (Note 6) | 1,104,885 | 1,010,912 | 920,738 | 842,427 |
| Other accounts and notes receivable, net of allowance for doubtful accounts (Note 6) | 404,763 | 295,882 | 337,303 | 246,568 |
| Inventories (Note 7) | 2,272,723 | 1,964,905 | 1,893,936 | 1,637,421 |
| Prepaid expenses and other current assets | 870,344 | 657,737 | 725,286 | 548,115 |
| Total current assets | 12,079,994 | 6,755,602 | 10,066,662 | 5,629,669 |
| Property, plant and equipment, including revalued portion, net of accumulated depreciation (Note 8) | 14,225,713 | 13,232,499 | 11,854,761 | 11,027,083 |
| Investments (Note 9) | 7,084,713 | 6,499,613 | 5,903,928 | 5,416,344 |
| Deferred income tax assets (Note 23) | - | 376,332 | - | 313,609 |
| Intangible assets, net of accumulated amortization (Note 10) | 293,298 | 237,398 | 244,415 | 197,832 |
| Long-term deposits and other assets (Notes 4, 6 and 11) | 755,882 | 817,962 | 629,901 | 681,635 |
| | ₩ 34,439,600 | ₩ 27,919,406 | \$ 28,699,667 | \$23,266,172 |

Continued;

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

SAMSUNG ELECTRONICS CO., LTD.

NON-CONSOLIDATED BALANCE SHEETS, Continued
December 31, 2002 and 2001

| | In Millions of Korean Won | | In Thousands of U.S. Dollars (Note 3) | |
|--|------------------------------|--------------------|---|---------------------|
| | 2002 | 2001 | 2002 | 2001 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | |
| Current liabilities: | | | | |
| Trade accounts and notes payable | ₩ 1,657,337 | ₩ 1,527,057 | \$ 1,381,114 | \$ 1,272,547 |
| Current portion of long-term debt (Notes 12 and 13) | 438,986 | 965,043 | 365,822 | 804,203 |
| Other accounts and notes payable | 1,868,825 | 1,468,351 | 1,557,354 | 1,223,626 |
| Accrued expenses | 1,877,157 | 1,404,387 | 1,564,298 | 1,170,323 |
| Dividends payable (Note 18) | 828,651 | 254,187 | 690,542 | 211,823 |
| Income taxes payable | 1,227,607 | 48,693 | 1,023,006 | 40,578 |
| Other current liabilities | 520,102 | 646,524 | 433,418 | 538,769 |
| Total current liabilities | 8,418,665 | 6,314,242 | 7,015,554 | 5,261,869 |
| Long-term debt, net of current portion (Note 12) | 987,858 | 1,044,519 | 823,216 | 870,432 |
| Foreign currency notes and bonds (Note 13) | 199,555 | 695,057 | 166,295 | 579,214 |
| Deferred income tax liabilities (Note 23) | 48,205 | - | 40,171 | - |
| Accrued severance benefits (Note 14) | 264,264 | 187,763 | 220,220 | 156,469 |
| Other long-term liabilities | 210,763 | 204,076 | 175,636 | 170,064 |
| Total liabilities | ₩ 10,129,310 | ₩ 8,445,657 | \$ 8,441,092 | \$ 7,038,048 |

Continued;

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

SAMSUNG ELECTRONICS CO., LTD.

NON-CONSOLIDATED BALANCE SHEETS, Continued
December 31, 2002 and 2001

| | In Millions of Korean Won | | In Thousands of U.S. Dollars (Note 3) | |
|--|------------------------------|-------------------|---|-------------------|
| | 2002 | 2001 | 2002 | 2001 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | |
| Commitments and contingencies (Note 15) | | | | |
| Shareholders' equity: | | | | |
| Capital stock (Note 16): | | | | |
| Common stock | ₩ 769,680 | ₩ 762,650 | \$ 641,400 | \$ 635,542 |
| Preferred stock | 119,467 | 119,467 | 99,556 | 99,556 |
| Capital surplus | | | | |
| Paid-in capital in excess of par value (Note 16) | 4,071,741 | 3,848,792 | 3,393,118 | 3,207,327 |
| Other capital surplus (Notes 8 and 13) | 1,853,166 | 1,843,458 | 1,544,305 | 1,536,215 |
| Retained earnings (Note 17) (Net income of ₩7,051,761 million in 2002 and ₩2,946,935 million in 2001) | 19,492,068 | 13,352,987 | 16,243,390 | 11,127,489 |
| Capital adjustments: | | | | |
| Treasury stock (Note 19) | (2,462,091) | (962,248) | (2,051,743) | (801,873) |
| Others (Notes 20 and 21) | 466,259 | 508,643 | 388,549 | 423,868 |
| Total shareholders' equity | <u>24,310,290</u> | <u>19,473,749</u> | <u>20,258,575</u> | <u>16,228,124</u> |
| | ₩ 34,439,600 | ₩ 27,919,406 | \$ 28,699,667 | \$ 23,266,172 |
| | ===== | ===== | ===== | ===== |

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

SAMSUNG ELECTRONICS CO., LTD.

NON-CONSOLIDATED INCOME STATEMENTS
For the years ended December 31, 2002 and 2001

| | In Millions of Korean Won | | In Thousands of U.S. Dollars (Note 3) | |
|--|------------------------------|--------------------|---|---------------------|
| | 2002 | 2001 | 2002 | 2001 |
| Sales (Note 25): | | | | |
| Domestic | ₩ 12,148,215 | ₩ 10,509,895 | \$ 10,123,513 | \$ 8,758,246 |
| Export | 28,363,348 | 21,870,480 | 23,636,123 | 18,225,400 |
| | <u>40,511,563</u> | <u>32,380,375</u> | <u>33,759,636</u> | <u>26,983,646</u> |
| Cost of sales (Note 25) | <u>26,945,866</u> | <u>24,514,733</u> | <u>22,454,888</u> | <u>20,428,944</u> |
| Gross profit | 13,565,697 | 7,865,642 | 11,304,748 | 6,554,702 |
| Selling, general and administrative expenses (Note 22) | <u>6,321,025</u> | <u>5,570,308</u> | <u>5,267,521</u> | <u>4,641,923</u> |
| Operating profit | <u>7,244,672</u> | <u>2,295,334</u> | <u>6,037,227</u> | <u>1,912,779</u> |
| Non-operating income: | | | | |
| Interest and dividend income | 248,581 | 126,455 | 207,151 | 105,379 |
| Foreign exchange gain | 292,696 | 239,248 | 243,913 | 199,373 |
| Gain on foreign currency translation (Note 27) | 56,957 | 47,386 | 47,464 | 39,488 |
| Earnings from equity-method investments | 1,067,772 | 784,790 | 889,810 | 653,992 |
| Others | 832,651 | 622,624 | 693,876 | 518,853 |
| | <u>2,498,657</u> | <u>1,820,503</u> | <u>2,082,214</u> | <u>1,517,085</u> |
| Non-operating expenses: | | | | |
| Interest expense | 100,501 | 205,145 | 83,751 | 170,954 |
| Foreign exchange loss | 222,905 | 242,918 | 185,754 | 202,432 |
| Loss on foreign currency translation (Note 27) | 17,547 | 91,492 | 14,623 | 76,243 |
| Loss on valuation of inventories | 42,206 | 54,129 | 35,172 | 45,108 |
| Others | 489,704 | 439,546 | 408,086 | 366,288 |
| | <u>872,863</u> | <u>1,033,230</u> | <u>727,386</u> | <u>861,025</u> |
| Ordinary profit | 8,870,466 | 3,082,607 | 7,392,055 | 2,568,839 |
| Extraordinary income | - | - | - | - |
| Extraordinary loss | - | - | - | - |
| Net income before income taxes | 8,870,466 | 3,082,607 | 7,392,055 | 2,568,839 |
| Income tax expense (Note 23) | <u>1,818,705</u> | <u>135,672</u> | <u>1,515,588</u> | <u>113,060</u> |
| Net income | <u>₩ 7,051,761</u> | <u>₩ 2,946,935</u> | <u>\$ 5,876,467</u> | <u>\$ 2,455,779</u> |
| Basic earnings per share (Note 24) (in Korean Won and U.S. Dollars) | <u>₩ 42,005</u> | <u>₩ 17,461</u> | <u>\$ 35</u> | <u>\$ 15</u> |
| Diluted earnings per share (Note 24) (In Korean Won and U.S. Dollars) | <u>₩ 41,603</u> | <u>₩ 17,230</u> | <u>\$ 35</u> | <u>\$ 14</u> |

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

SAMSUNG ELECTRONICS CO., LTD.

NON-CONSOLIDATED STATEMENTS OF APPROPRIATIONS
OF RETAINED EARNINGS

For the years ended December 31, 2002 and 2001

Date of appropriations: February 28, 2003 and February 28, 2002

| | In Millions of Korean Won | | In Thousands of U.S. Dollars (Note 3) | |
|---|------------------------------|------------------|---|------------------|
| | 2002 | 2001 | 2002 | 2001 |
| Retained earnings before appropriations: | | | | |
| Unappropriated retained earnings carried over from the prior year | ₩ 32 | ₩ 32 | \$ 27 | \$ 27 |
| Changes in retained earnings of equity -method investees | - | (9,875) | - | (8,229) |
| Interim dividends (Note 18) (Dividend rate: 10% of par value) | (84,029) | (84,313) | (70,023) | (70,261) |
| Net income | <u>7,051,761</u> | <u>2,946,935</u> | <u>5,876,467</u> | <u>2,455,779</u> |
| | <u>6,967,764</u> | <u>2,852,779</u> | <u>5,806,471</u> | <u>2,377,316</u> |
| Appropriations (Note 17): | | | | |
| Legal reserve | 3,500 | 500 | 2,917 | 416 |
| Reserve for business rationalization | 1,000,000 | 1,000,000 | 833,333 | 833,333 |
| Reserve for research and human resource development | 3,000,000 | 1,598,060 | 2,500,000 | 1,331,717 |
| Cash dividends (Note 18) (Common stock: 100% in 2002 and 30% in 2001) (Preferred stock: 101% in 2002 and 31% in 2001) | 828,651 | 254,187 | 690,543 | 211,823 |
| Reserve for loss on disposal of treasury stock | 600,000 | - | 500,000 | - |
| Reserve for capital expenditure | <u>1,535,582</u> | <u>-</u> | <u>1,279,652</u> | <u>-</u> |
| | <u>6,967,733</u> | <u>2,852,747</u> | <u>5,806,445</u> | <u>2,377,289</u> |
| Unappropriated retained earnings carried over to the subsequent year | ₩ 31 | ₩ 32 | \$ 26 | \$ 27 |

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

SAMSUNG ELECTRONICS CO., LTD.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2002 and 2001

| | In Millions of Korean Won | | In Thousands of U.S. Dollars (Note 3) | |
|---|------------------------------|------------------|---|------------------|
| | 2002 | 2001 | 2002 | 2001 |
| Cash flows from operating activities: | | | | |
| Net income | ₩ 7,051,761 | ₩ 2,946,935 | \$ 5,876,467 | \$ 2,455,779 |
| Items not involving operating cash flows: | | | | |
| Depreciation and amortization | 3,155,663 | 3,186,244 | 2,629,719 | 2,655,203 |
| Provision for severance benefits | 277,515 | 217,213 | 231,263 | 181,011 |
| Loss on foreign currency translation | 17,547 | 91,492 | 14,623 | 76,243 |
| Gain on foreign currency translation | (56,957) | (47,386) | (47,464) | (39,488) |
| Earnings from equity-method investments | (1,067,772) | (784,790) | (889,810) | (653,992) |
| Loss on valuation on inventories | 42,206 | 54,129 | 35,172 | 45,108 |
| Deferred income taxes | 424,537 | (196,127) | 353,781 | (163,439) |
| Others | 664,082 | 608,639 | 553,401 | 507,199 |
| | <u>10,508,582</u> | <u>6,076,349</u> | <u>8,757,152</u> | <u>5,063,624</u> |
| Changes in operating assets and liabilities: | | | | |
| Decrease (increase) in trade accounts and notes receivable | (182,864) | 173,029 | (152,387) | 144,191 |
| Decrease (increase) inventories | (416,368) | 876,729 | (346,973) | 730,608 |
| Increase in trade accounts and notes payable | 129,143 | 28,591 | 107,619 | 23,826 |
| Increase in accrued expenses | 486,295 | 239,493 | 405,246 | 199,578 |
| Increase (decrease) in income taxes payable | 1,178,914 | (848,264) | 982,428 | (706,887) |
| Payment of severance benefits | (86,849) | (110,557) | (72,374) | (92,131) |
| Others | (423,656) | (144,588) | (353,047) | (120,490) |
| Net cash provided by operating activities | <u>11,193,197</u> | <u>6,290,782</u> | <u>9,327,664</u> | <u>5,242,319</u> |

Continued;

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

SAMSUNG ELECTRONICS CO., LTD.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS, Continued
For the years ended December 31, 2002 and 2001

| | In Millions of Korean Won | | In Thousands of U.S. Dollars (Note 3) | |
|---|------------------------------|--------------------|---|--------------------|
| | 2002 | 2001 | 2002 | 2001 |
| Cash flows from investing activities: | | | | |
| Increase in short-term financial instruments | ₩ (2,440,498) | ₩ (388,759) | \$ (2,033,748) | \$ (323,966) |
| Proceeds from disposal of marketable securities | 271,912 | 3,324 | 226,593 | 2,770 |
| Acquisition of marketable securities | (1,991,123) | (2,807) | (1,659,269) | (2,339) |
| Increase in other accounts and notes receivable | (3,375,187) | (4,177,750) | (2,812,656) | (3,481,458) |
| Decrease in other accounts and notes receivable | 3,255,649 | 4,426,060 | 2,713,041 | 3,688,383 |
| Proceeds from disposal of property, plant and equipment | 61,106 | 113,044 | 50,922 | 94,203 |
| Acquisition of property, plant and equipment | (4,322,013) | (4,428,933) | (3,601,678) | (3,690,778) |
| Proceeds from sale of investments | 223,525 | 134,031 | 186,271 | 111,693 |
| Acquisition of investments | (134,692) | (43,694) | (112,243) | (36,412) |
| Increase in long-term deposits and other assets | (455,159) | (173,887) | (379,299) | (144,906) |
| Decrease in long-term deposits and other assets | 506,871 | 325,913 | 422,392 | 271,594 |
| Others | (62,468) | (14,944) | (52,057) | (12,453) |
| Net cash used in investing activities | <u>(8,462,077)</u> | <u>(4,228,402)</u> | <u>(7,051,731)</u> | <u>(3,523,669)</u> |
| Cash flows from financing activities: | | | | |
| Increase (decrease) in other accounts and notes payable | 210,062 | (250,645) | 175,052 | (208,871) |
| Repayment of long-term debt | (34,460) | - | (28,717) | - |
| Repayment of foreign currency notes and bonds | (871) | (247) | (726) | (206) |
| Proceeds from long-term debt | - | 978,564 | - | 815,470 |

Continued;

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

SAMSUNG ELECTRONICS CO., LTD.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS, Continued
For the years ended December 31, 2002 and 2001

| | In Millions of Korean Won | | In Thousands of U.S. Dollars (Note 3) | |
|---|------------------------------|--------------------|---|--------------------|
| | 2002 | 2001 | 2002 | 2001 |
| Repayment of current maturities of long-term debt | ₩ (835,611) | ₩ (2,372,803) | \$ (696,343) | \$ (1,977,336) |
| Increase in other long-term liabilities | 199,269 | 46,970 | 166,058 | 39,142 |
| Payment of other long-term liabilities | (12,124) | (118,170) | (10,103) | (98,475) |
| Payments of dividends | (337,899) | (507,054) | (281,583) | (422,545) |
| Acquisition of treasury stock | (1,499,843) | - | (1,249,869) | - |
| Others | (634) | (7,646) | (528) | (6,372) |
| Net cash used in financing activities | <u>(2,312,111)</u> | <u>(2,231,031)</u> | <u>(1,926,759)</u> | <u>(1,859,193)</u> |
| Net increase (decrease) in cash and cash equivalents | 419,009 | (168,651) | 349,174 | (140,543) |
| Cash and cash equivalents at the beginning of the year | <u>990,371</u> | <u>1,159,022</u> | <u>825,309</u> | <u>965,852</u> |
| Cash and cash equivalents at the end of the year | ₩ <u>1,409,380</u> | ₩ <u>990,371</u> | \$ <u>1,174,483</u> | \$ <u>825,309</u> |

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

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2002 and 2001

1. The Company:

Samsung Electronics Co., Ltd. (the "Company") was incorporated under the laws of the Republic of Korea to manufacture and sell semiconductors, telecommunications, home appliances and digital media products.

The Company's stock is publicly traded and all issued and outstanding shares are listed on the Korea Stock Exchange.

As of December 31, 2002, the major shareholders of the Company's stock, including preferred stock, and their respective shareholdings, are as follows:

| <u>Name of Shareholder</u> | <u>Number of Shares</u> | <u>Ownership Ratio (%)</u> |
|----------------------------------|-------------------------|----------------------------|
| Citibank N.A. | 22,264,721 | 12.52 |
| Samsung Life Insurance Co., Ltd. | 10,625,693 | 5.98 |
| Samsung Corporation | 5,917,362 | 3.33 |
| Lee, Kun-Hee and relatives | 4,873,849 | 2.74 |
| National Pension Corporation | 3,195,012 | 1.80 |
| Kookmin Bank | 2,653,635 | 1.49 |
| Jpmcb-Cap Re Em Gth Fd | 2,551,059 | 1.43 |
| Samsung Fire & Marine Insurance | 1,856,370 | 1.04 |
| SSB-JANUS INV | 1,640,960 | 0.92 |
| The Government of Singapore | 1,431,612 | 0.81 |

2. Summary of Significant Accounting Policies:

The significant accounting policies followed by the Company in the preparation of its non-consolidated financial statements in accordance with Financial Accounting Standards of the Republic of Korea are summarized below:

Basis of Financial Statement Presentation -

The Company maintains its official accounting records in Korean Won and prepares statutory financial statements in the Korean language in conformity with financial accounting standards generally accepted in the Republic of Korea. The accompanying financial statements have been condensed, restructured and translated into English from the Korean language non-consolidated financial statements. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. Certain information attached to the Korean language financial statements, that are not required for a fair presentation of the Company's financial position, results of operations or cash flows, are not presented in the accompanying financial statements.

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

2. Summary of Significant Accounting Policies, Continued;

Use of Estimates -

The preparation of financial statements requires management to make estimates and assumptions that affect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may differ from those estimates.

Cash, Cash Equivalents and Short-term Financial Instruments -

Cash and cash equivalents include cash on hand and in bank accounts, with original maturities of three months or less. Investments which are readily convertible into cash within four to twelve months of purchase are classified in the balance sheet as short-term financial instruments. The cost of these investments approximates fair value.

Marketable Securities -

Marketable securities are stated at fair value.

Allowance for Doubtful Accounts -

The Company provides an allowance for doubtful accounts and notes receivable based on the aggregate estimated collectibility of the receivables.

Inventory Valuation -

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the average cost method, except for materials in-transit which are stated at actual cost as determined using the specific identification method.

Property, Plant and Equipment and Related Depreciation -

Property, plant and equipment are stated at cost, except for certain assets subject to upward revaluation in accordance with the Asset Revaluation Law of Korea. The revaluation presents production facilities and other buildings at their depreciated replacement cost, and land at the prevailing market price, as of the effective date of revaluation. The revaluation increment, net of revaluation tax, is first applied to offset accumulated deficit and deferred foreign exchange losses, if any. The remainder may be credited to other capital surplus or transferred to common stock. A new basis for calculating depreciation is established for revalued assets (see Note 8).

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

2. Summary of Significant Accounting Policies, Continued;

Property, Plant and Equipment and Related Depreciation, Continued -

Depreciation is computed using the straight-line method, over the estimated useful lives of the assets as described below.

| | <u>Estimated Useful Lives - Years</u> |
|------------------------------------|---|
| Buildings and auxiliary facilities | 7 - 60 |
| Structures | 5 - 40 |
| Machinery and equipment | 2 - 10 |
| Tools and fixtures | 2 - 10 |
| Vehicles | 2 - 12 |

The Company capitalizes interest expense incurred on borrowings used to finance the cost of constructing facilities and equipment (see Note 8).

For the property, plant and equipment acquired on or after 2002, the Company changed its depreciation method from the half-year convention to monthly depreciation to provide a better matching of revenues and expenses. As a result of this change, depreciation expense for the year ended December 31, 2002 is approximately ₩154,687 million less than that which would have been reported under the previous depreciation method.

Maintenance and Repairs -

Routine maintenance and repairs are charged to expense as incurred. Expenditures which enhance the value or extend the useful life of the related assets are capitalized.

Intangible Assets -

Intangible assets are amortized on a straight-line basis over the estimated useful lives, as follows:

| | <u>Estimated Useful Lives - Years</u> |
|------------------------------|---|
| Goodwill | 5 |
| Intellectual property rights | 5 - 10 |
| Other intangible assets | 2 - 20 |

For the intangible assets acquired on or after 2002, the Company changed its amortization method from the half-year convention to monthly amortization to provide a better matching of revenues and expenses. As a result of this change, amortization expense for the year ended December 31, 2002 is approximately ₩2,953 million less than that which would have been reported under the previous amortization method.

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

2. Summary of Significant Accounting Policies, Continued;

Investments in Equity Securities -

• Equity-method investments

In the stand-alone financial statements of the Company, investments in business entities in which the Company has control or the ability to exercise significant influence over the operating and financial policies are accounted for using the equity method of accounting.

Under the equity method, the original investment is recorded at cost and adjusted by the Company's share of the net book value of the investee with a corresponding charge to current operations, a separate component of shareholders' equity, or retained earnings, depending on the nature of the underlying change in the net book value. All significant unrealized profits resulting from intercompany transactions of inventories and property, plant and equipment are fully eliminated.

Differences between the investment account and corresponding capital account of the investee at the date of acquisition of the investment are recorded as part of investments and are amortized over five years using the straight-line method. However, differences which occur from additional investments made after the Company has control in its subsidiaries are reported in a separate component of shareholders' equity, and are not included in the determination of the results of operations.

Assets and liabilities of the Company's foreign investees are translated at current exchange rates, while income and expense are translated at average rates for the period. Adjustments resulting from the translation process are reported in a separate component of shareholders' equity, and are not included in the determination of the results of operations.

The equity-method investments are accounted for based on unaudited or unreviewed financial statements of the entities that are subject to the equity-method accounting, since audit or review procedures for most of these entities are not yet completed as of the date of this audit report.

• Fair-value investments

Investments in marketable equity securities (other than equity-method investments) are stated at market value. Unrealized holding gains and losses are reported in a separate component of shareholders' equity and are not included in the determination of the results of operations.

• Cost-method investments

Investments in non-marketable equity securities (other than equity-method investments) are stated at cost except for unrecoverable declines in the Company's share of the underlying book value of the investee. Such declines are recorded in current operations, and subsequent recoveries are also recorded in current operations up to the original acquisition cost of the investment.

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

2. Summary of Significant Accounting Policies, Continued;

Investments in Debt Securities -

Investments in debt securities are stated at cost. The difference between the acquisition cost and face value of held-to-maturity debt securities is amortized using the effective interest rate method.

Discounts and Premiums on Debentures -

The difference between the face amount and the proceeds upon the issuance of the debenture is treated as either a discount or premium, which is amortized over the life of the debenture using the effective interest rate method. The discount or premium is reported in the balance sheet as a direct deduction from or addition to the face amount of the debenture. Amortization of discount or premium is treated as part of interest expense.

Debt Issued with a Put -

When debt is issued with a premium put allowing the holder to redeem the debt for cash at a certain multiple of the debt's par value at dates prior to maturity, the debt is accreted on an interest method by charges to income so that the debt equals the put price at the date the put is exercisable.

In the years prior to 1999, in accordance with the previous financial accounting standards, the Company recorded both a discount and a separate component of shareholders' equity for the difference between the face amount and the present value of the put price upon issuance. The discount was amortized using the effective interest rate method as interest expense over the term of the debt.

Stock and Debenture Issuance Costs -

Stock issuance costs are charged directly to paid-in capital in excess of par value. Debenture issuance costs are recorded as a reduction of the proceeds from the issuance of debenture.

Government grants -

Government grants received for the development of certain technologies are recorded as accrued income, and offset against relevant development costs as they occur.

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

2. Summary of Significant Accounting Policies, Continued;

Accrued Severance Benefits -

Employees and directors with more than one year of service are entitled to receive a lump-sum payment upon termination of their employment with the Company, based on their length of service and rate of pay at the time of termination. Accrued severance benefits represent the amount which would be payable assuming all eligible employees and directors were to terminate their employment as of the balance sheet date.

A portion of the accrued severance benefits of the Company are funded through a group severance insurance plan with Samsung Life Insurance Co., Ltd., and the amounts funded under this insurance plan are classified as a deduction to the accrued severance benefits liability. Subsequent accruals are to be funded at the discretion of the Company.

In accordance with the National Pension Act, a certain portion of the accrued severance benefits is deposited with the National Pension Fund and deducted from the accrued severance benefits liability.

Foreign Currency Translation -

Assets and liabilities denominated in foreign currencies are translated into Korean Won at the rate of exchange in effect as of the balance sheet date. Gains and losses resulting from the translation are reflected in income for the period.

Foreign currency convertible debentures are translated at the exchange rate that will be used at the time of conversion as prescribed in the terms of such debentures.

Income Tax Expense -

Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and tax credit carry-forwards.

Long-Term Receivables and Payables -

Long-term receivables and payables that have no stated interest rate or whose interest rate is different from the market rate are recorded at their present values. The difference between the nominal value and present value of the long-term receivables and payables is amortized using the effective interest rate method with interest income or expenses adjusted accordingly.

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

2. Summary of Significant Accounting Policies, Continued;

Stock-based Compensation -

The Company uses the fair-value method in determining compensation costs of stock options granted to its employees and directors. The compensation cost is estimated using the Black-Scholes option-pricing model and is accrued as a charge to expense over the vesting period, with a corresponding increase in a separate component of shareholders' equity (other capital adjustments).

Earnings Per Share -

Basic earnings per share are calculated by dividing net income available to common shareholders by the weighted average of common shares outstanding during the year. Diluted earnings per share are calculated by using the weighted average of common shares outstanding adjusted to include the potentially dilutive effect of convertible bonds.

Product Warranties -

The Company accrues the estimated cost of warranty coverage at the time that sales are recorded.

Derivative Instruments -

The Company enters into forward foreign exchange contracts to offset certain balance sheet exposures from changes in foreign currency exchange rates. Such exposures result from the portion of the Company's operations, assets and liabilities that are denominated in currencies other than the Korean Won, primarily the U.S. Dollar. These foreign exchange contract transactions are entered into to support product sales, purchases and financing transactions made in the normal course of business, and accordingly, are not intended to be speculative in nature.

Forward foreign exchange contracts are utilized to manage the risk associated with currency fluctuations on certain foreign currency denominated debt positions. The Company's forward foreign exchange contracts are denominated primarily in U.S. Dollars and are for periods consistent with the terms of the underlying transactions. Unrealized gains and losses resulting from the impact of currency exchange rate movements on forward foreign exchange contracts designated to offset certain foreign currency denominated debt are recognized as non-operating income or expense in the period in which the exchange rates change and offset the foreign currency gains and losses on the underlying exposures being hedged.

Asset Impairment -

When the book value of an asset is greater than its recoverable value due to obsolescence, physical damage or the abrupt decline in the market value of the asset, the decline in value, if material, is deducted from the book value and recognized as an asset impairment loss in the current period.

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

3. United States Dollar Amounts:

The Company operates primarily in Korean Won and its official accounting records are maintained in Korean Won. The U.S. Dollar amounts, provided herein, represent supplementary information solely for the convenience of the reader. All Won amounts are expressed in U.S. Dollars at the rate of US\$1:₩1,200, the exchange rate in effect on December 31, 2002. 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 Won amounts shown could be readily converted, realized or settled in U.S. Dollars at this or at any other rate.

The 2001 U.S. Dollar amounts, which were previously expressed at ₩1,326:US\$1, the rate in effect on December 31, 2001, have been restated to reflect the exchange rate in effect on December 31, 2002.

4. Cash and Cash Equivalents, Short-term Financial Instruments:

Cash and cash equivalents and short-term financial instruments as of December 31, 2002 and 2001 consist of the following:

| | Annual Interest Rates (%) | Millions | |
|--------------------------------------|------------------------------|-------------|-------------|
| | | 2002 | 2001 |
| (1) Cash and cash equivalents | | | |
| Cash on hand and in banks | - | ₩ 558 | ₩ 1,566 |
| Passbook accounts | 1 | 1,562 | 2,813 |
| Money market deposit accounts | 4.0 - 4.15 | 486,454 | 870,393 |
| Money Market fund | 4.1 - 4.5 | 920,025 | 100,000 |
| Foreign currency deposits | - | 781 | 15,599 |
| | | ₩ 1,409,380 | ₩ 990,371 |
| (2) Short-term financial instruments | | | |
| Passbook accounts | 1 | ₩ 24,759 | ₩ 38,145 |
| Time deposits | 4.1 - 5.5 | 3,910,990 | 1,504,001 |
| Installment | 8.0 - 8.5 | 1,038 | - |
| Foreign currency deposits | 0.3 - 4.2 | 146,215 | 270,969 |
| Other financial instruments | 4.3 - 5.1 | 190,065 | 20,072 |
| | | 4,273,067 | 1,833,187 |
| Less: Long-term portion | | (65) | (683) |
| | | ₩ 4,273,002 | ₩ 1,832,504 |

As of December 31, 2002 and 2001, bank deposits amounting to ₩25,814 million and ₩39,606 million, respectively, are subject to withdrawal restrictions in relation to short-term borrowings and government-sponsored R&D projects (see Note 15).

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

5. Marketable Securities:

Marketable securities as of December 31, 2002 and 2001 consist of the following:

| | Annual Interest | Millions | |
|-----------------------------|-----------------|-------------|---------|
| | Rates (%) | 2002 | 2001 |
| Government and public bonds | 3 ~ 4 | ₩ 11,411 | ₩ 3,291 |
| Financial institution bonds | 4.90 ~ 5.55 | 727,476 | - |
| Beneficiary certificates | 4.90 ~ 5.30 | 1,006,010 | - |
| | | ₩ 1,744,897 | ₩ 3,291 |

6. Accounts and Notes Receivable:

(A) Accounts and notes receivable and their allowance for doubtful accounts as of December 31, 2002 and 2001 are as follows:

| | Millions | |
|---------------------------------------|-------------|-------------|
| | 2002 | 2001 |
| Trade accounts and notes receivable | ₩ 1,121,172 | ₩ 1,025,914 |
| Less: Allowance for doubtful accounts | 16,287 | 15,002 |
| | ₩ 1,104,885 | ₩ 1,010,912 |
| Other accounts and notes receivable | ₩ 413,720 | ₩ 301,689 |
| Less: Allowance for doubtful accounts | 8,957 | 5,807 |
| | ₩ 404,763 | ₩ 295,882 |

(B) The outstanding balance of trade accounts and notes receivable sold to financial institutions as of December 31, 2002 and 2001 are as follows (see Note 15):

| | Millions | |
|---|-------------|-------------|
| | 2002 | 2001 |
| Export accounts and notes receivable with recourse | ₩ 2,412,710 | ₩ 2,301,061 |
| Export accounts and notes receivable without recourse | - | 14,193 |
| Trade notes receivable with recourse | 22,709 | 80,681 |
| Trade accounts receivable with recourse | 106,271 | 48,184 |
| Trade accounts receivable without recourse | 215,096 | 198,879 |
| | ₩ 2,756,786 | ₩ 2,642,998 |

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

6. Accounts and Notes Receivable, Continued;

(C) Accounts that are valued at present value under rescheduled payment and long-term installment transactions (including current portions) are as follows:

| | Accounts | Millions | | | Period | Weighted Average Interest Rate (%) |
|------------------------------------|-----------------------------|------------|----------|---------------|--------------------------|------------------------------------|
| | | Face value | Discount | Present value | | |
| Long-term installment transactions | Long-term trade receivables | ₩ 14,093 | ₩ 862 | ₩ 13,231 | 1997.7.1 ~2004.12.31 | 7.3~8.22 |
| | Other long-term payables | 444,016 | 57,159 | 386,857 | 1994.12.31 ~2009.3.31 | 6.85~9.52 |
| Rescheduled | Long-term trade receivables | 738 | 74 | 664 | 1997.11.1 ~2005.12.31 | 7.3 |

7. Inventories:

Inventories as of December 31, 2002 and 2001 consist of the following:

| | Millions | |
|---|-------------|-------------|
| | 2002 | 2001 |
| Finished goods and merchandise | ₩ 470,543 | ₩ 442,938 |
| Semi-finished goods and work-in-process | 880,414 | 782,791 |
| Raw materials and supplies | 835,759 | 660,406 |
| Materials in-transit | 86,007 | 78,770 |
| | ₩ 2,272,723 | ₩ 1,964,905 |

Inventories are insured against fire and other casualty losses up to ₩2,673,102 million as of December 31, 2002.

As of December 31, 2002, land and construction in-progress held for resale amounting to ₩42,714 million are included in the finished goods and merchandise accounts. Related interest costs amounting to ₩1,590 million and ₩1,432 million have been capitalized for the years ended December 31, 2002 and 2001, respectively.

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

8. Property, Plant and Equipment:

Property, plant and equipment as of December 31, 2002 and 2001 consist of the following:

| | Millions | | | | | |
|------------------------------------|---------------------|-----------------------------|---------------|---------------------|-----------------------------|---------------|
| | 2002 | | | 2001 | | |
| | Acquisition Cost | Accumulated Depreciation | Book Value | Acquisition Cost | Accumulated Depreciation | Book Value |
| Land | ₩ 1,888,914 | ₩ - | ₩ 1,888,914 | ₩ 1,826,144 | ₩ - | ₩ 1,826,144 |
| Buildings and auxiliary facilities | 3,472,958 | 554,962 | 2,917,996 | 3,040,972 | 410,608 | 2,630,364 |
| Structures | 234,188 | 64,609 | 169,579 | 175,831 | 50,999 | 124,832 |
| Machinery and equipment | 18,453,300 | 11,042,960 | 7,410,340 | 15,800,429 | 8,458,134 | 7,342,295 |
| Tools and fixtures | 1,112,930 | 732,038 | 380,892 | 1,090,369 | 715,414 | 374,955 |
| Vehicles | 144,903 | 37,935 | 106,968 | 77,201 | 28,554 | 48,647 |
| Construction in-progress | 1,279,696 | - | 1,279,696 | 872,276 | - | 872,276 |
| Machinery in-transit | 71,328 | - | 71,328 | 12,986 | - | 12,986 |
| | ₩26,658,217 | ₩12,432,504 | ₩14,225,713 | ₩22,896,208 | ₩ 9,663,709 | ₩13,232,499 |

As of December 31, 2002, certain portions of the Company's property, plant and equipment, up to a maximum of ₩1,106,237 million, are pledged as collateral for various loans from Korea Development Bank (see Note 12).

As of December 31, 2002, property, plant and equipment are insured against fire and other casualty losses, and business interruption losses up to ₩30,645,846 million and ₩10,148,137 million, respectively. Korea Development Bank is the beneficiary for the insurance benefits of up to ₩789,259 million, held as collateral for borrowings.

As of December 31, 2002 and 2001, the value of land based on the posted price issued by the Korean tax authority amounted to ₩1,440,003 million and ₩1,356,571 million, respectively.

Interest costs amounting to ₩47,557 million and ₩92,757 million were capitalized for the years ended December 31, 2002 and 2001, respectively.

In accordance with the Asset Revaluation Law, on January 1, 1980, 1982, 1998, and April 1, 1999, the Company revalued a substantial portion of its property, plant, equipment and investments in equity securities by ₩3,051,612 million. The remaining revaluation increments amounting to ₩1,212,641 million, net of revaluation tax, credits to deferred foreign currency translation losses and others, were credited to other capital surplus, a component of shareholders' equity.

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

9. Investments:

Investments as of December 31, 2002 and 2001 consist of the following (in millions of Korean Won):

| Detail | | 2002 | | 2001 | |
|---------------------------|-----|------------------|--------------------------------|---------------------|---------------------|
| | | Acquisition Cost | Market Value or Net Book Value | Recorded Book Value | Recorded Book Value |
| Equity-method investments | (1) | ₩4,617,842 | ₩ 6,989,908 | ₩6,548,942 | ₩ 5,768,825 |
| Fair-value investments | (2) | 919,071 | 423,350 | 423,350 | 535,516 |
| Cost-method investments | (3) | 190,064 | 108,311 | 104,175 | 180,862 |
| Other investments | (4) | 6,119 | 8,566 | 8,246 | 14,410 |
| | | ₩5,733,096 | ₩ 7,530,135 | ₩7,084,713 | ₩ 6,499,613 |

(1) Equity-method investments

(A) Equity-method investments as of December 31, 2002 consist of the following (in millions of Korean Won, except for the number of shares owned and percentage information):

| | Number of Shares Owned | Percentage of Ownership | 2002 | | |
|--|------------------------|-------------------------|------------------|--------------------------------|---------------------|
| | | | Acquisition Cost | Market Value or Net Book Value | Recorded Book Value |
| Samsung Electronics Canada, Inc. | 8 | 100.00 | ₩ 37,911 | ₩ 37,805 | ₩ 37,670 |
| Samsung Electronics America, Inc. | 270,061 | 100.00 | 752,109 | 304,547 | 196,560 |
| Samsung Electronics Latin America Panama (ZONE LIBRE) S.A. | 39,500 | 100.00 | 43,842 | 61,474 | 54,829 |
| Samsung Electronics Mexico S.A. de C.V. | 230,675 | 100.00 | 30,767 | 44,877 | 41,968 |
| Samsung Electronics Argentina S.A. | 31,000,000 | 100.00 | 36,967 | 9,845 | 9,845 |
| Samsung Electronics Iberia, S.A. | 8,021,000 | 100.00 | 65,221 | 89,089 | 78,772 |

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

9. Investments, Continued;

| | 2002 | | | | |
|--|---------------------------|-------------------------------|---------------------|--------------------------------------|------------------------|
| | Number of Shares Owned | Percentage of Ownership | Acquisition Cost | Market Value or Net Book Value | Recorded Book Value |
| Samsung Electronics Nordic AB. (previously, Samsung Electronics Svenska AB.) | 1,000,000 | 100.00 | ₩ 16,153 ₩ | ₩ 19,787 ₩ | ₩ 17,962 |
| Samsung Electronics Hungarian RT. Co., Ltd. | 752,999 | 100.00 | 48,397 | 106,287 | 99,329 |
| Samsung Electronics Portuguesa S.A. | 1,751,000 | 100.00 | 12,594 | 16,987 | 16,436 |
| Samsung Electronics France S.A. | 2,700,000 | 100.00 | 39,433 | 46,682 | 43,022 |
| Samsung Europe PLC | 109,546,000 | 100.00 | 179,627 | 214,978 | 195,276 |
| Samsung Electronics Holding GmbH. | - | 100.00 | 77,610 | 101,456 | 86,580 |
| Samsung Electronics Italia, S.p.A. | 677,000 | 100.00 | 56,779 | 55,437 | 50,649 |
| Samsung Electronics Europe Logistics B.V. | 287,900 | 100.00 | 18,314 | 23,863 | 18,766 |
| Samsung Electronics Benelux B.V. | 597,800 | 100.00 | 20,020 | 22,843 | 21,327 |
| Samsung Electronics Poland, SP.Zo.O | - | 100.00 | 20,098 | 18,925 | 18,093 |
| Samsung Electronics South Africa (Pty) Ltd. | 1,271,910 | 100.00 | 39,830 | 4,730 | 11,837 |
| Samsung Electronics (UK), Ltd. | 4,393,253 | 5.17 | 8,280 | 8,972 | 8,403 |
| Samsung Electronics Overseas B.V. | - | 100.00 | 120 | 655 | (9,691) |
| Samsung Electronics Australia Pty, Ltd. | 53,200,000 | 100.00 | 40,458 | 39,557 | 38,069 |
| Samsung Electronics Malaysia SDN.BHD. | 16,247,452 | 100.00 | 4,378 | 33,080 | 32,412 |
| Samsung Gulf Electronics Co., Ltd. | 25 | 100.00 | 7,976 | 18,317 | 16,675 |
| PT Samsung Electronics Indonesia | 44,999 | 99.99 | 56,910 | 72,921 | 62,565 |
| Samsung Electronics Display (M) SDN.OMD (HSD) | 71,400,000 | 75.00 | 21,876 | 47,530 | 35,930 |

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

9. Investments, Continued;

| | 2002 | | | | |
|--|---------------------------|-------------------------------|---------------------|--------------------------------------|------------------------|
| | Number of Shares Owned | Percentage of Ownership | Acquisition Cost | Market Value or Net Book Value | Recorded Book Value |
| Samsung India Electronics, Ltd. | 60,000,000 | 100.00 | ₩ 44,316 | ₩ 31,548 | ₩ 29,822 |
| Samsung Asia Private, Ltd. | 42,911,351 | 70.00 | 20,454 | 152,054 | 140,063 |
| Samsung Vina Electronics Co., Ltd. | - | 80.00 | 13,532 | 20,646 | 19,856 |
| Thai-Samsung Electronics Co., Ltd. | 11,020,000 | 91.83 | 37,423 | 61,978 | 60,162 |
| Syrian-Korean Telecommunication Equipment Manufacturing Establishment Co., Ltd. | - | 49.00 | 2,061 | 5,034 | 7,222 |
| Samsung Electronics India Information & Telecommunications, Ltd. | 74,432,502 | 100.00 | 19,720 | 22,820 | 22,096 |
| Samsung Electronic Philippine Manufacturing Corp. | - | 100.00 | 25,487 | 19,939 | 15,910 |
| Samsung Electronics Hong Kong Co., Ltd. | 274,250,000 | 100.00 | 48,397 | 68,666 | 57,158 |
| Samsung Electronics Taiwan Co., Ltd. | 9,999,976 | 99.99 | 1,525 | 18,416 | 11,103 |
| Samsung Electronics Souzhou Semiconductor Co., Ltd. | - | 100.00 | 46,189 | 66,310 | 60,033 |
| Samsung (CHINA) Investment Co., Ltd. | - | 100.00 | 37,027 | 56,972 | 64,371 |
| Samsung Electronics Huizhou Co., Ltd. | - | 44.88 | 16,391 | 38,473 | 35,653 |
| Tianjin Samsung Electronics Display Co., Ltd. | - | 54.67 | 9,896 | 21,564 | 18,685 |
| Souzhou Samsung Electronics Co., Ltd. | - | 88.31 | 67,338 | 73,717 | 70,845 |
| Tianjin Samsung Electronics Co., Ltd. | - | 85.82 | 47,931 | 61,482 | 56,919 |
| Shandong-Samsung Telecommunications Co., Ltd. | - | 59.00 | 13,307 | 25,351 | 24,291 |

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

9. Investments, Continued;

| | 2002 | | | | |
|--|---------------------------|-------------------------------|---------------------|--------------------------------------|------------------------|
| | Number of Shares Owned | Percentage of Ownership | Acquisition Cost | Market Value or Net Book Value | Recorded Book Value |
| Tianjin Samsung Telecom Technology Co., Ltd. | - | 80.00 | ₩ 12,126 | ₩ 14,694 | ₩ 3,883 |
| Samsung Electronics Suzhou Computer Co., Ltd. | - | 100.00 | 5,471 | 5,401 | 5,401 |
| Samsung Electronics Suzhou LCD Co., Ltd. | - | 100.00 | 18,382 | 18,038 | 18,038 |
| Shenzhen Samsung Kejian Mobile Technology Co., Ltd. | 20,278,160 | 49.00 | 3,117 | 10,788 | 5,975 |
| Shanghaibell Samsung Mobile Communications Co., Ltd. | 774,161 | 49.00 | 7,742 | 6,177 | 6,195 |
| Samsung Japan Co., Ltd. | 795,000 | 50.96 | 54,024 | 88,109 | 27,945 |
| Samsung Yokohama Research Institute | 122,000 | 100.00 | 64,766 | 61,964 | 58,783 |
| Samsung SDI Co., Ltd. | 9,282,753 | 19.79 | 423,722 | 651,700 | 646,403 |
| Samsung Electro-Mechanics Co., Ltd. | 17,693,084 | 22.93 | 359,237 | 430,950 | 433,896 |
| Novita Co., Ltd. | 4,988,000 | 96.14 | 29,991 | 38,485 | 38,364 |
| Samsung Kwangju Electronics Co., Ltd. | 38,515,579 | 94.25 | 192,676 | 432,056 | 431,814 |
| Samsung Capital Co., Ltd. | 31,259,226 | 75.03 | 230,850 | 593,560 | 590,343 |
| Samsung Card Co., Ltd. | 25,885,653 | 56.59 | 153,388 | 1,123,998 | 1,122,547 |
| Samsung Techwin Co., Ltd. | 19,604,254 | 26.28 | 211,726 | 146,673 | 172,039 |
| STECO, Ltd. | 2,447,992 | 51.00 | 12,240 | 21,555 | 20,056 |
| DNS Korea Co., Ltd. | 1,247,390 | 62.37 | 7,134 | 18,984 | 9,818 |
| Seoul Commtech Co., Ltd. | 3,333,330 | 30.30 | 4,192 | 22,411 | 22,246 |
| Samsung Economic Research Institute | 3,576,000 | 29.80 | 17,880 | 18,137 | 18,105 |
| Samsung SDS Co., Ltd. | 11,977,770 | 21.27 | 12,753 | 46,597 | 41,567 |
| Samsung Networks | 23,955,550 | 23.07 | 5,214 | 19,266 | 15,560 |
| Samsung Corning Co., Ltd. | 3,665,708 | 45.29 | 94,263 | 358,770 | 358,966 |
| Samsung Lions Co., Ltd. | 55,000 | 27.50 | 275 | - | - |
| Secron (previously, Dowa Korea) Co., Ltd. | 405,000 | 50.63 | 2,025 | 7,063 | 3,041 |
| Samsung Electronics Service Co., Ltd. | 5,999,998 | 83.33 | 30,000 | 45,028 | 41,174 |

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

9. Investments, Continued;

| | 2002 | | | | |
|--|---------------------------|-------------------------------|---------------------|--------------------------------------|------------------------|
| | Number of Shares Owned | Percentage of Ownership | Acquisition Cost | Market Value or Net Book Value | Recorded Book Value |
| MEMC Electronic Materials Korea, Inc. | 3,440,000 | 20.00 | 17,200 | 36,897 | 36,311 |
| Samsung Corning Micro- Optics Co., Ltd. | 6,513,000 | 50.00 | 42,986 | 6,969 | 5,342 |
| Samsung Corning Precision Glass Co., Ltd. | 1,021,654 | 41.85 | 116,140 | 165,729 | 181,239 |
| Samsung Thales Co., Ltd. | 13,500,000 | 50.00 | 135,000 | 101,152 | 37,382 |
| Living Plaza | 300,000 | 100.00 | 30,007 | 66,945 | 50,672 |
| Bluetek Co., Ltd. | 5,998,648 | 90.00 | 29,993 | 84,362 | 68,402 |
| Tolos Co., Ltd. | 1,010,800 | 100.00 | 5,058 | 8,114 | 7,240 |
| Bokwang FUND V | 500 | 83.33 | 5,000 | 12,006 | 11,006 |
| Bokwang FUND X | 900 | 81.82 | 9,000 | 8,849 | 8,849 |
| SVIC FUND I | 99 | 99.00 | 9,900 | 1,712 | 1,712 |
| SVIC FUND II | 297 | 99.00 | 29,700 | 31,217 | 31,217 |
| SVIC FUND III | 198 | 99.00 | 19,800 | 18,004 | 18,004 |
| SVIC FUND IV | 985 | 65.67 | 98,500 | 99,123 | 99,123 |
| SVIC FUND V | 297 | 99.00 | 29,700 | 22,811 | 22,811 |
| | | | ₩ 4,617,842 | ₩ 6,989,908 | ₩ 6,548,942 |

(B) Equity-method investments as of December 31, 2001 consist of the following (in millions of Korean Won except percentage information).

| | 2001 | | | | |
|--|---------------------------|-------------------------------|---------------------|--------------------------------------|------------------------|
| | Number of Shares Owned | Percentage of Ownership | Acquisition Cost | Market Value or Net Book Value | Recorded Book Value |
| Samsung Electronics Canada, Inc. | 8 | 100.00 | ₩ 37,911 | ₩ 38,972 | ₩ 38,654 |
| Samsung Electronics America, Inc. | 270,061 | 100.00 | 752,109 | 390,993 | 289,316 |
| Samsung Electronics Latin America Panama (ZONE LIBRE) S.A. | 39,500 | 100.00 | 43,842 | 70,696 | 67,159 |
| Samsung Electronics Mexico S.A. de C.V. | 230,675 | 100.00 | 30,767 | 46,637 | 44,327 |
| Samsung Electronics Argentina S.A. | 31,000,000 | 100.00 | 36,967 | 27,744 | 27,740 |
| Cagent Technologies, Inc. | 24,700,000 | 91.48 | 22,162 | 20,293 | 20,545 |
| Samsung Electronics Iberia, S.A. | 8,021,000 | 100.00 | 65,221 | 80,156 | 66,987 |

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

9. Investments, Continued;

| | 2001 | | | | |
|---|---------------------------|-------------------------------|---------------------|--------------------------------------|------------------------|
| | Number of Shares Owned | Percentage of Ownership | Acquisition Cost | Market Value or Net Book Value | Recorded Book Value |
| Samsung Electronics Svenska AB. | 1,000,000 | 100.00 | ₩ 16,153 | ₩ 16,440 | ₩ 15,333 |
| Samsung Electronics Hungarian RT. Co., Ltd. | 321,000 | 100.00 | 48,397 | 63,294 | 56,791 |
| Samsung Electronics Portuguesa S.A. | 1,751,000 | 100.00 | 12,594 | 13,611 | 12,554 |
| Samsung Electronics France S.A. | 1,770,000 | 100.00 | 39,433 | 39,426 | 36,159 |
| Samsung Europe PLC | 109,546,000 | 100.00 | 179,627 | 184,675 | 171,153 |
| Samsung Electronics Holding GmbH. | - | 100.00 | 77,609 | 82,673 | 74,457 |
| Samsung Electronics Italia, S.p.A. | 177,000 | 100.00 | 56,779 | 48,458 | 47,225 |
| Samsung Electronics Benelux B.V. | - | 100.00 | 38,334 | 42,259 | 28,476 |
| Samsung Electronics Poland, SP.Zo.O | - | 100.00 | 20,098 | 20,109 | 18,877 |
| Samsung Electronics South Africa (Pty) Ltd. | 1,271,000 | 100.00 | 39,830 | 2,233 | 1,826 |
| Samsung Portugal Productos Electro-Mechanicos S.A. | 415,206 | 24.15 | 2,124 | - | - |
| Samsung Electronics (UK), Ltd. | 4,393,253 | 5.17 | 8,280 | 9,331 | 7,018 |
| Samsung Electronics Overseas B.V. | - | 100.00 | 120 | 568 | (7,629) |
| Samsung Electronics Australia Pty, Ltd. | 53,200,000 | 100.00 | 40,458 | 34,731 | 32,622 |
| Samsung Electronics Malaysia SDN.BHD. | 16,247,452 | 100.00 | 4,378 | 33,275 | 32,546 |
| Samsung Gulf Electronics Co., Ltd. | 25 | 100.00 | 7,976 | 18,823 | 16,520 |
| PT Samsung Electronics Indonesia | 45,779 | 100.00 | 56,910 | 42,785 | 36,408 |
| Samsung Electronics Display (M) SDN.OMD (HSD) | 71,400,000 | 75.00 | 21,876 | 51,689 | 47,957 |
| Samsung India Electronics, Ltd. | 44,320,000 | 73.87 | 15,526 | 22,315 | 21,679 |
| Samsung Asia Private, Ltd. | 42,911,351 | 70.00 | 20,454 | 137,542 | 130,314 |

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

9. Investments, Continued;

| | 2001 | | | | |
|--|---------------------------|-------------------------------|---------------------|--------------------------------------|------------------------|
| | Number of Shares Owned | Percentage of Ownership | Acquisition Cost | Market Value or Net Book Value | Recorded Book Value |
| Samsung Vina Electronics Co., Ltd. | 170,781,600 | 81.62 | ₩ 13,532 | ₩ 21,641 | ₩ 22,119 |
| Thai-Samsung Electronics Co., Ltd. | 1,098 | 91.50 | 37,423 | 53,877 | 51,055 |
| Syrian-Korean Telecommunication Equipment Manufacturing Establishment Co., Ltd. | - | 49.00 | 2,061 | 6,043 | 6,043 |
| Samsung Electronics India Information & Telecommunications, Ltd. | 25,614,980 | 100.00 | 6,444 | 9,451 | 7,739 |
| Samsung Electronic Philippine Manufacturing Corp. | - | 100.00 | 25,487 | 24,141 | 23,395 |
| Samsung Electronics Hong Kong Co., Ltd. | 274,250,000 | 100.00 | 48,397 | 69,250 | 64,379 |
| Samsung Electronics Taiwan Co., Ltd. | 8,650,000 | 100.00 | 1,525 | 16,614 | 7,148 |
| Samsung Electronics Souzhou Semiconductor Co., Ltd. | - | 100.00 | 46,189 | 83,037 | 81,273 |
| Samsung (CHINA) Investment Co., Ltd. | - | 100.00 | 36,428 | 38,363 | 47,400 |
| Samsung Electronics Huizhou Co., Ltd. | - | 44.88 | 16,391 | 34,869 | 31,339 |
| Tianjin Samsung Electronics Display Co., Ltd. | - | 59.17 | 9,896 | 12,512 | 15,516 |
| Souzhou Samsung Electronics Co., Ltd. | - | 82.41 | 60,432 | 55,900 | 54,423 |
| Tianjin Samsung Electronics Co., Ltd. | - | 85.82 | 47,931 | 65,194 | 61,298 |
| Shandong-Samsung Telecommunications Co., Ltd. | - | 59.00 | 13,307 | 22,776 | 21,574 |
| Tianjin Samsung Telecom Technology Co., Ltd. | - | 70.95 | 7,672 | 7,968 | 3,098 |

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

9. Investments, Continued;

| | 2001 | | | | |
|--|---------------------------|-------------------------------|---------------------|--------------------------------------|------------------------|
| | Number of Shares Owned | Percentage of Ownership | Acquisition Cost | Market Value or Net Book Value | Recorded Book Value |
| Samsung Japan Co., Ltd. | 735,000 | 49.00 | ₩ 47,767 | ₩ 74,686 | ₩ 43,929 |
| Samsung Yokohama Research Institute | 122,000 | 100.00 | 64,766 | 60,566 | 60,566 |
| Union Optical Co., Ltd. | 4,880,000 | 20.00 | 17,389 | 808 | 6,312 |
| Samsung SDI Co., Ltd. | 9,282,753 | 19.83 | 423,722 | 580,109 | 589,896 |
| Samsung Electro-Mechanics Co., Ltd. | 17,693,084 | 22.93 | 359,237 | 395,638 | 418,114 |
| Novita Co., Ltd. | 4,988,000 | 96.14 | 29,991 | 35,844 | 37,096 |
| Samsung Kwangju Electronics Co., Ltd. | 38,515,579 | 94.25 | 192,676 | 357,155 | 347,686 |
| Samsung Capital Co., Ltd. | 31,259,226 | 75.03 | 230,850 | 444,069 | 440,516 |
| Samsung Card Co., Ltd. | 25,885,653 | 56.59 | 153,388 | 827,636 | 820,319 |
| Samsung Techwin Co., Ltd. | 19,604,254 | 26.28 | 211,726 | 146,729 | 185,406 |
| STECO, Ltd. | 2,447,992 | 51.00 | 12,240 | 19,736 | 18,281 |
| DNS Korea Co., Ltd. | 1,247,390 | 62.37 | 7,134 | 19,423 | 9,151 |
| Seoul Commtech Co., Ltd. | 3,333,330 | 30.30 | 4,192 | 17,633 | 17,626 |
| Samsung Economic Research Institute | 3,576,000 | 29.80 | 17,880 | 18,128 | 18,077 |
| Samsung SDS Co., Ltd. | 11,977,770 | 26.27 | 12,753 | 54,049 | 49,297 |
| Samsung Networks | 23,955,550 | 27.06 | 5,214 | 13,053 | 8,120 |
| Samsung Corning Co., Ltd. | 3,665,708 | 45.29 | 94,263 | 311,288 | 312,632 |
| Samsung Lions Co., Ltd. | 55,000 | 27.50 | 275 | - | - |
| Secron (previously, Dowa Korea) Co., Ltd. | 405,000 | 50.63 | 2,025 | 7,156 | 4,212 |
| Samsung Electronics Service Co., Ltd. | 5,999,998 | 83.33 | 30,000 | 42,528 | 39,763 |
| MEMC Electronic Materials Korea, Inc. | 3,440,000 | 20.00 | 17,200 | 34,837 | 34,784 |
| Samsung Corning Micro- Optics Co., Ltd. | 4,263,000 | 50.00 | 28,136 | 21,636 | 20,374 |
| Samsung Corning Precision Glass Co., Ltd. | 1,021,654 | 41.85 | 116,140 | 87,554 | 132,947 |
| Samsung Thales Co., Ltd. | 13,500,000 | 50.00 | 135,000 | 112,523 | 8,136 |
| Living Plaza | 300,000 | 96.77 | 30,007 | 53,342 | 45,494 |
| Bluetek Co., Ltd. | 5,998,648 | 90.00 | 29,993 | 52,989 | 42,203 |
| Tolos Co., Ltd. | 1,010,800 | 95.41 | 5,058 | 7,460 | 6,392 |
| Bokwang FUND V | - | 83.33 | 5,000 | 13,212 | 13,212 |
| Bokwang FUND X | - | 81.82 | 9,000 | 8,967 | 8,967 |

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

9. Investments, Continued;

| | 2001 | | | | |
|---------------|---------------------------|-------------------------------|---------------------|--------------------------------------|------------------------|
| | Number of Shares Owned | Percentage of Ownership | Acquisition Cost | Market Value or Net Book Value | Recorded Book Value |
| SVIC FUND I | 99 | 99.00 | ₩ 9,900 | ₩ 9,930 | ₩ 9,930 |
| SVIC FUND II | 297 | 99.00 | 29,700 | 32,049 | 32,049 |
| SVIC FUND III | 198 | 99.00 | 19,800 | 21,258 | 21,258 |
| SVIC FUND IV | 985 | 65.67 | 98,500 | 103,561 | 103,561 |
| SVIC FUND V | 297 | 99.00 | 29,700 | 29,706 | 29,706 |
| | | | ₩ 4,549,672 | ₩ 6,076,622 | ₩ 5,768,825 |

(C) Changes in goodwill(negative goodwill) for the years ended December 31, 2002 and 2001 are as follows:

| | 2002 | | | | 2001 | | | |
|---|------------------------------------|------------------------|----------------------------|---------------------------|------------------------------------|------------------------|----------------------------|---------------------------|
| | Balance at Beginning of Year | Increase (Decrease) | Amortization (Reversal) | Balance at End of Year | Balance at Beginning of Year | Increase (Decrease) | Amortization (Reversal) | Balance at End of Year |
| Samsung Techwin Co., Ltd. | ₩ 40,871 | ₩ - | ₩ 14,013 | ₩ 26,858 | ₩ 54,884 | ₩ - | ₩ 14,013 | ₩ 40,871 |
| Samsung Corning Precision Glass Co., Ltd. | 35,510 | - | 9,264 | 26,246 | 44,773 | - | 9,263 | 35,510 |
| Samsung SDI Co., Ltd. | 21,934 | - | 6,927 | 15,007 | 28,860 | - | 6,926 | 21,934 |
| Samsung Electro- Mechanics Co., Ltd. | 19,584 | - | 4,947 | 14,637 | 24,533 | - | 4,949 | 19,584 |
| Samsung Capital Co., Ltd. | (7,926) | (111) | (2,664) | (5,373) | (10,569) | - | (2,643) | (7,926) |
| Samsung Card Co., Ltd. | (7,187) | (375) | (2,469) | (5,093) | (9,583) | - | (2,396) | (7,187) |
| Samsung Networks Inc. | (4,534) | - | (1,432) | (3,102) | (5,966) | - | (1,432) | (4,534) |
| Samsung SDS Co., Ltd. | 4,531 | - | 1,431 | 3,100 | 5,985 | - | 1,454 | 4,531 |
| Samsung Corning Co., Ltd. | 4,010 | - | 1,504 | 2,506 | (80) | - | (4,090) | 4,010 |
| Samsung (CHINA) Investment Co., Ltd. | - | (1,860) | (186) | (1,674) | - | - | - | - |
| Others | 1,098 | 78 | 559 | 617 | 3,443 | (797) | 1,548 | 1,098 |
| | ₩ 107,891 | ₩ (2,268) | ₩ 31,894 | ₩ 73,729 | ₩ 136,280 | ₩ (797) | ₩ 27,592 | ₩ 107,891 |

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

9. Investments, Continued;

(D) Information relating to the elimination of unrealized gains and losses as of December 31, 2002 and 2001 are as follows(*):

| | 2002 | | | 2001 | | |
|---|---|----------|------------|---|----------|-----------|
| | Property, Plant and Equipment, and Intangible | | | Property, Plant and Equipment, and Intangible | | |
| | Inventories | Assets | Total | Inventories | Assets | Total |
| Samsung Electronics America, Inc. | ₩ (19,556) | ₩ (102) | ₩ (19,658) | ₩ 46,686 | ₩ 844 | ₩ 47,530 |
| Samsung Japan Co., Ltd. | (9,219) | (12,539) | (21,758) | 18,043 | (4,584) | 13,459 |
| Samsung Thales Co., Ltd. | (86) | 30,485 | 30,399 | 2,937 | 30,373 | 33,310 |
| Samsung SDI Co., Ltd. | (10,107) | 345 | (9,762) | (2,205) | 134 | (2,071) |
| Living Plaza | (8,833) | (33) | (8,866) | (7,828) | (26) | (7,854) |
| Samsung Electronics Holding GmbH. | (7,005) | (1) | (7,006) | 30,270 | (4) | 30,266 |
| Samsung Europe PLC | (7,279) | 324 | (6,955) | 5,294 | 107 | 5,401 |
| Samsung Electro-Mechanics Co., Ltd. | (6,443) | - | (6,443) | 2,440 | 544 | 2,984 |
| Tianjin Samsung Telecom Technology Co., Ltd. | (5,366) | (639) | (6,005) | (4,870) | - | (4,870) |
| Samsung Asia Private, Ltd. | (5,216) | 21 | (5,195) | (315) | 38 | (277) |
| Others | (9,440) | 13,848 | 4,408 | (13,434) | 12,945 | (489) |
| | ₩ (88,550) | ₩ 31,709 | ₩ (56,841) | ₩ 77,018 | ₩ 40,371 | ₩ 117,389 |

(*) Amounts in the table are recognized gains and losses from the elimination of unrealized gains and losses for the years ended December 31, 2002 and 2001.

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

9. Investments, Continued;

(E) The following table reconciles the difference between the book values recorded for the equity-method investments at the beginning and at the end of years 2002 and 2001:

| | 2002 | | | | 2001 | | | |
|---|------------------------------------|---|---------------------------------|---------------------------|------------------------------------|---|---------------------------------|---------------------------|
| | Balance at Beginning of Year | Earnings from Equity -method Investments | Other Increase (Decrease) | Balance at End of Year | Balance at Beginning of Year | Earnings from Equity -method Investments | Other Increase (Decrease) | Balance at End of Year |
| Samsung Card Co., Ltd. | ₩ 820,319 | ₩ 338,385 | ₩ (36,157) | ₩ 1,122,547 | ₩ 422,345 | ₩ 332,328 | ₩ 65,646 | ₩ 820,319 |
| Samsung SDI Co., Ltd. | 589,896 | 99,676 | (43,169) | 646,403 | 488,122 | 93,565 | 8,209 | 589,896 |
| Samsung Capital Co., Ltd. | 440,516 | 137,640 | 12,187 | 590,343 | 263,587 | 123,233 | 53,696 | 440,516 |
| Samsung Electro- Mechanics Co., Ltd. | 418,114 | 27,664 | (11,882) | 433,896 | 405,272 | 23,853 | (11,011) | 418,114 |
| Samsung Kwangju Electronics Co., Ltd. | 347,686 | 84,129 | (1) | 431,814 | 277,080 | 71,140 | (534) | 347,686 |
| Samsung Corning Co., Ltd. | 312,632 | 70,143 | (23,809) | 358,966 | 266,814 | 58,042 | (12,224) | 312,632 |
| Samsung Electronics America, Inc. | 289,316 | (67,886) | (24,870) | 196,560 | 350,002 | (194,502) | 133,816 | 289,316 |
| Samsung Europe PLC | 171,153 | 23,254 | 869 | 195,276 | 162,690 | 4,762 | 3,701 | 171,153 |
| Samsung Techwin Co., Ltd. | 185,406 | (7,469) | (5,898) | 172,039 | 222,860 | (25,411) | (12,043) | 185,406 |
| Samsung Corning Precision Glass Co., Ltd. | 132,947 | 74,239 | (25,947) | 181,239 | 98,648 | 54,047 | (19,748) | 132,947 |
| Others | 2,060,840 | 287,997 | (128,978) | 2,219,859 | 1,822,366 | 243,733 | (5,259) | 2,060,840 |
| | ₩5,768,825 | ₩1,067,772 | ₩(287,655) | ₩6,548,942 | ₩4,779,786 | ₩784,790 | ₩ 204,249 | ₩5,768,825 |

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

9. Investments, Continued;

(2) Fair-value investments

Fair-value investments as of December 31, 2002 and 2001 consist of the following (in millions of Korean Won, except for the number of shares owned and percentage information):

| | | | 2002 | | 2001 | |
|---------------------------------------|------------------------------|-------------------------------|---------------------|--------------------------------------|------------------------|------------------------|
| | Number of Shares Owned | Percentage of Ownership | Acquisition Cost | Market Value or Net book Value | Recorded Book Value | Recorded Book Value |
| Samsung Heavy Industries Co., Ltd. | 40,675,641 | 17.61 | ₩ 258,299 | ₩ 164,736 | ₩ 164,736 | ₩ 152,737 |
| Samsung Fine Chemicals Co., Ltd. | 2,164,970 | 8.39 | 45,678 | 31,825 | 31,825 | 30,310 |
| The Shilla Hotels & Resorts | 2,004,717 | 5.01 | 13,957 | 9,522 | 9,522 | 17,040 |
| Cheil Communications Inc. | 119,949 | 2.61 | 2,920 | 11,167 | 11,167 | 16,193 |
| Koram Bank | 8,497,358 | 3.97 | 89,888 | 62,881 | 62,881 | 101,543 |
| Dacom Corporation | 4,262,127 | 11.51 | 243,055 | 60,522 | 60,522 | 88,640 |
| Hanaro Telecom, Inc. | 23,542,281 | 8.43 | 213,496 | 77,219 | 77,219 | 117,476 |
| Serome Technology Inc. | 800,000 | 2.21 | 44,000 | 3,976 | 3,976 | 8,280 |
| Transmeta Corp. | 1,120,000 | 0.87 | 7,778 | 1,502 | 1,502 | 3,297 |
| | | | ₩ 919,071 | ₩ 423,350 | ₩ 423,350 | ₩ 535,516 |

As of December 31, 2002 and 2001, unrealized holding losses on fair-value investments amounted to ₩455,697 million and ₩362,923 million, respectively, which were recorded in a separate component of shareholders' equity (other capital adjustments).

As of December 31, 2002, the Company determined that decline in fair value of equity investment in Serome Technology Inc. would not be recoverable and charged the impairment loss of ₩40,024 million to current operations (non-operating expenses).

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

9. Investments, Continued;

(3) Cost-method investments

Cost-method investments as of December 31, 2002 and 2001 consist of the following (in millions of Korean Won, except for the number of shares owned and percentage information):

| | | | 2002 | | 2001 | |
|---|------------------------------|-------------------------------|---------------------|---|------------------------|------------------------|
| | Number of Shares Owned | Percentage of Ownership | Acquisition Cost | Market Value or Net book Value | Recorded Book Value | Recorded Book Value |
| Samsung Petrochemical Co. | 514,172 | 9.93 | ₩ 8,040 | ₩ 21,485 | ₩ 8,040 | ₩ 8,040 |
| Samsung General Chemicals Co., Ltd. | 2,589,201 | 3.78 | 25,892 | 24,052 | 25,892 | 25,892 |
| Kihyup Technology Banking Corporation | 1,000,000 | 17.24 | 5,000 | 5,492 | 5,000 | 5,000 |
| Pusan Newport Co., Ltd. | 932,250 | 4.13 | 4,661 | 4,661 | 4,661 | 2,311 |
| GE Samsung Lighting | 80,000 | 10.00 | 1,367 | 273 | 273 | 1,367 |
| Brooks-PRI Automation Asia Inc. | 219,317 | 19.00 | 1,097 | 368 | 368 | 1,097 |
| Samsung Venture Investment Corporation | 980,000 | 16.33 | 4,900 | 4,898 | 4,900 | 4,900 |
| Hanul Education Co., Ltd. | 20,000 | 2.28 | 660 | 111 | 660 | 660 |
| Bluebird Soft Inc. | 140,000 | 17.00 | 10,199 | 2,325 | 10,199 | 10,199 |
| Alticast Corporation | 110,000 | 11.96 | 8,250 | 1,265 | 1,265 | 8,250 |
| Mpeon Co., Ltd. | 260,000 | 50.19 | 1,300 | 2,374 | 1,300 | 1,300 |
| iMarketKorea Inc. | 380,000 | 13.90 | 1,900 | 2,500 | 1,900 | 1,900 |
| Cyberbank, Co. | 108,250 | 14.68 | 8,000 | 2,707 | 2,707 | 8,000 |
| SkyLife Broadcasting | 600,000 | 1.00 | 3,344 | 2,527 | 3,344 | 3,344 |
| Norpak Corporation | 2,547,782 | 21.54 | 1,018 | 1,103 | 1,018 | 1,018 |
| Samsung SDI Brasil Ltda. | - | 0.11 | 3,110 | 78 | 3,110 | 3,110 |
| Monarchy Enterprises Holding B.V. | - | 5.26 | 48,978 | 17,559 | 17,559 | 48,978 |
| New Telephone Co. | - | 13.32 | 3,678 | 4,184 | 3,678 | 3,678 |
| Data Play Inc. | 626,566 | 2.35 | 5,598 | 279 | 279 | 5,598 |
| Staktek Corporation | 176,923 | 9.77 | 20,016 | 4,496 | 4,496 | 20,016 |
| Shanghai Samsung Semiconductor Co., Ltd. | - | 100.00 | 1,310 | 1,310 | 1,310 | 312 |
| Others | | | 21,746 | 4,264 | 2,216 | 15,892 |
| | | | ₩ 190,064 | ₩ 108,311 | ₩ 104,175 | ₩ 180,862 |

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

9. Investments, Continued;

As of December 31, 2002, investments in eleven affiliated companies, including Norpak Corporation, were not valued using the equity method, due to the immateriality of their asset values.

As of December 31, 2002, the financial conditions of twelve invested companies, including Monarchy Enterprises Holding B.V., have deteriorated significantly. Accordingly, the investments in these companies have been written down to their net asset values, and the written down amount of ₩80,186 million was charged to current operations.

In addition, as of December 31, 2002, the net asset values of ten cost-method investments, including iMarketKorea Inc., have declined below their acquisition costs. However, the Company did not adjust their carrying values to their net asset values, as their net asset values are likely to recover in subsequent periods.

(4) Other investments

Other investments as of December 31, 2002 and 2001 consist of the following (in millions of Korean Won, except for the number of shares owned and percentage information).

| | 2002 | | | | 2001 | |
|--------------------------------------|------------------------------|-------------------------------|---------------------|---|------------------------|------------------------|
| | Number of Shares Owned | Percentage of Ownership | Acquisition Cost | Market Value or Net book Value | Recorded Book Value | Recorded Book Value |
| Securities market stabilization fund | - | - | ₩ 5,688 | ₩ 7,815 | ₩ 7,815 | ₩ 13,979 |
| Investment in capital of partnership | | | | | | |
| Korea Software Industry | | | | | | |
| Association | - | - | 150 | 355 | 150 | 150 |
| Korea Electronic Industries | | | | | | |
| Cooperative, etc. | - | - | 281 | 396 | 281 | 281 |
| | | | ₩ 6,119 | ₩ 8,566 | ₩ 8,246 | ₩ 14,410 |

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

10. Intangible Assets:

Intangible assets, net of accumulated amortization, as of December 31, 2002 and 2001 consist of the following:

| | Millions | |
|------------------------------|-----------|-----------|
| | 2002 | 2001 |
| Goodwill | ₩ 6,505 | ₩ 8,910 |
| Intellectual property rights | 219,397 | 226,015 |
| Others | 67,396 | 2,473 |
| | ₩ 293,298 | ₩ 237,398 |

11. Long-Term Deposits and Other Assets:

Long-term deposits and other assets as of December 31, 2002 and 2001 consist of the following:

| | Millions | |
|---------------------------------|-----------|-----------|
| | 2002 | 2001 |
| Long-term financial instruments | ₩ 65 | ₩ 683 |
| Long-term trade receivables | 1,904 | 12,219 |
| Long-term loans | 38,792 | 37,996 |
| Long-term guarantee deposits | 313,070 | 369,085 |
| Long-term prepaid expenses | 402,006 | 397,979 |
| Others | 45 | - |
| | ₩ 755,882 | ₩ 817,962 |

12. Long-Term Debt:

Long-term debt as of December 31, 2002 and 2001 consists of the following:

| | Reference | Millions | |
|--|-----------|-----------|-------------|
| | | 2002 | 2001 |
| Local currency loans | (A) | ₩ 7,293 | ₩ 44,411 |
| Foreign currency loans, in Korean Won equivalents | (B) | 1,970 | 425,615 |
| Debentures | (C) | 1,007,448 | 1,000,591 |
| | | 1,016,711 | 1,470,617 |
| Less: Current maturities | | (28,853) | (426,098) |
| | | ₩ 987,858 | ₩ 1,044,519 |

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

12. Long-Term Debt, Continued;

(A) Local currency loans as of December 31, 2002 and 2001 consist of the following:

| | Annual Interest | | Millions | |
|--------------------------|-----------------|---|----------|----------|
| | Rates (%) | | | |
| | 2002 | | 2002 | 2001 |
| Woori Bank | 5 | ₩ | 370 | ₩ 644 |
| Korea Development Bank | 9.1 - 9.2 | | 4,375 | 27,851 |
| Kookmin Bank | - | | - | 9,412 |
| Korea Technology Banking | 6.5 | | 2,520 | 6,449 |
| Samsung Card Co., Ltd. | 6.5 | | 28 | 55 |
| | | ₩ | 7,293 | ₩ 44,411 |
| | | | ===== | ===== |

(B) Long-term debt denominated in foreign currencies as of December 31, 2002 and 2001 consist of the following:

| | Annual Interest | | Thousands | |
|--|-----------------|----|-----------|------------|
| | Rates (%) | | | |
| | 2002 | | 2002 | 2001 |
| Citibank, N.A. | - | \$ | - | \$ 77,667 |
| Korea Development Bank | - | | - | 149,620 |
| Korea Exchange Bank | - | | - | 18,889 |
| Korea Development Leasing Corporation and others | LIBOR+0.8-0.9 | | 1,641 | 74,776 |
| U. S. Dollar equivalents | | \$ | 1,641 | \$ 320,952 |
| | | | ===== | ===== |
| Korean Won equivalents (in millions) | | ₩ | 1,970 | ₩ 425,615 |
| | | | ===== | ===== |

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

12. Long-Term Debt, Continued;

(C) Debentures outstanding as of December 31, 2002 and 2001 consist of the following:

| | Annual Interest | Millions | |
|---------------------------|-----------------|-----------------|-----------------|
| | Rates (%) | 2002 | 2001 |
| | 2002 | | |
| Non-guaranteed debentures | 5 | ₩ 1,000,000 | ₩ 1,000,000 |
| Private debentures | 15.7 | <u>20,000</u> | <u>20,000</u> |
| | | 1,020,000 | 1,020,000 |
| Less: Discounts | | <u>(12,552)</u> | <u>(19,409)</u> |
| | | ₩ 1,007,448 | ₩ 1,000,591 |
| | | ===== | ===== |

As of December 31, 2002, certain property, plant and equipment are pledged as collateral for the above long-term debts (see Note 8).

Maturities of long-term debts, including foreign currency notes and bonds (See Note 13), outstanding as of December 31, 2002 are as follows:

| | Millions | | | | |
|------------|----------------------------|------------------------------|-------------|--|----------------|
| | Local Currency Loans | Foreign Currency Loans | Debtentures | Foreign Currency Notes and Bonds | Total |
| 2004 | ₩ 410 | ₩ - | ₩ 1,000,000 | ₩ 85,512 | ₩ 1,085,922 |
| 2005 | - | - | - | - | - |
| 2006 | - | - | - | - | - |
| 2007 | - | - | - | - | - |
| Thereafter | - | - | - | <u>120,040</u> | <u>120,040</u> |
| | ₩ 410 | ₩ - | ₩ 1,000,000 | ₩ 205,552 | ₩ 1,205,962 |
| | ===== | ===== | ===== | ===== | ===== |

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

13. Foreign Currency Notes and Bonds:

Unsecured foreign currency notes and bonds as of December 31, 2002 and 2001 consist of the following:

| | | Millions | |
|----------------------------------|--------------------------|-------------|-------------|
| <u>Due Date</u> | | <u>2002</u> | <u>2001</u> |
| USD denominated | | | |
| straight bonds | (A) November 1, 2002 ₩ | - | ₩ 206,799 |
| JPY denominated | | | |
| straight bonds | (B) April 23, 2003 | 149,803 | 149,290 |
| USD denominated | | | |
| straight bonds | (C) October 1, 2027 | 120,040 | 132,610 |
| USD denominated | | | |
| straight bonds | (D) October 1, 2002 | - | 202,714 |
| Convertible bonds | (E) December 31, 2007 | - | 62,000 |
| Convertible bonds | (F) February 1, 2004 | 85,512 | 117,300 |
| Convertible bonds | (G) July 30, 2002 | - | 120,470 |
| Convertible bonds | (H) January 31, 2003 | 236,260 | 240,640 |
| | | 591,615 | 1,231,823 |
| Add : Long-term accrued interest | | 24,070 | 25,549 |
| Less : Current maturities | | (410,133) | (538,945) |
| Less : Discounts | | (5,997) | (6,187) |
| Less : Conversion rights | | - | (17,183) |
| | | ₩ 199,555 | ₩ 695,057 |

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

13. Foreign Currency Notes and Bonds, Continued;

(A) USD denominated straight bonds -

On November 1, 1992, the Company issued straight bonds in the amount of US\$200,000 thousand at 99.5% of face value for the expansion of its semiconductors manufacturing facilities. The bonds were redeemed on their maturity date, November 1, 2002.

(B) JPY denominated straight bonds -

On April 23, 1996, the Company issued straight bonds in the amount of ¥20,000,000 thousand at face value. The bonds bear interest at 3.3% per annum and mature on April 23, 2003. The Company redeemed ¥5,210,000 thousand of these bonds during 1998.

(C) USD denominated straight bonds -

On October 2, 1997, the Company issued straight bonds in the amount of US\$100,000 thousand at 99.85% of face value. The bonds bear interest at 7.7% per annum and mature on October 1, 2027, with repayment to be made annually for twenty years after a ten-year grace period which began on the date of issuance.

(D) USD denominated straight bonds -

On October 2, 1997, the Company issued straight bonds in the amount of US\$227,000 thousand at 93.11% of face value. These bonds were redeemed on their maturity date, October 1, 2002.

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

13. Foreign Currency Notes and Bonds, Continued;

(E) Convertible bonds -

On June 26, 1997, the Company issued foreign currency convertible bonds in the amount of US\$300,000 thousand for the expansion of its manufacturing facilities.

For the year ended December 31, 2002, convertible bonds amounting to US\$69,670 thousand were converted into 546,087 shares of common stock at the conversion price of ₩113,351 per share (See Note 16). In relation to the conversion to common stock, the Company recorded ₩9,708 million as other capital surplus, the difference between conversion rights and related consideration for the conversion rights. In addition, the Company redeemed US\$110 thousand of these bonds during the year ended December 31, 2002.

(F) Convertible bonds - Intel -

On February 1, 1999, the Company issued foreign currency convertible bonds in the amount of US\$100,000 thousand to Intel Corporation, which mature on February 1, 2004. A summary of the terms of the bonds is as follows:

- Interest : 5% per annum payable annually in arrears on February 1.
- Conversion period : On or after May 3, 1999 through January 21, 2004.
- Conversion price : Subject to adjustment pursuant to anti-dilution provisions, ₩108,465 per share, with a fixed exchange rate applicable to the conversion of ₩1,173 to US\$1.00.

For the year ended December 31, 2002, convertible bonds amounting to US\$27,100 thousand were converted into 293,066 shares of common stock at the conversion price of ₩108,465 per share(See Note 16).

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

13. Foreign Currency Notes and Bonds, Continued;

(G) Convertible bonds - Apple -

On July 30, 1999, the Company issued foreign currency convertible bonds in the amount of US\$100,000 thousand to Apple Computer Inc. Ltd., which matured on July 30, 2002.

For the year ended December 31, 2002, convertible bonds amounting to US\$100,000 thousand were converted into 549,955 shares of common stock at the conversion price of ₩219,050 per share (See Note 16).

(H) Convertible bonds - Dell -

On October 15, 1999, the Company issued foreign currency convertible bonds in the amount of US\$200,000 thousand to Dell Computer Corporation, which mature on January 31, 2003. A summary of the terms of the bonds is as follows :

- Interest : 2% per annum payable annually in arrears on December 31.
- Conversion period : On or after October 15, 2001 through January 16, 2003.
- Conversion price : Subject to adjustment pursuant to anti-dilution provisions, ₩260,000 per share, with a fixed exchange rate applicable to the conversion of ₩1,203.2 to US\$1.00.

For the year ended December 31, 2002, convertible bonds amounting to US\$3,640 thousand were converted into 16,844 shares of common stock at the conversion price of ₩260,000 per share (See Note 16).

The Company recognized interest expense using a 5% effective interest rate. The difference between rate effective rate and the guaranteed rate was credited to long-term accrued interest expense. The additional interest expense amounting to ₩8,039 million and ₩7,656 million were credited to long-term accrued interest expense for the years ended December 31, 2002 and 2001, respectively.

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

14. Accrued Severance Benefits:

Accrued severance benefits as of December 31, 2002 and 2001 consist of the following:

| | Millions | |
|---|------------------|------------------|
| | 2002 | 2001 |
| Balance at the beginning of the year | ₩ 470,853 | ₩ 363,405 |
| Provision for severance benefits | 277,515 | 217,213 |
| Transferred from affiliated companies | 594 | 792 |
| Actual severance payments | <u>(86,849)</u> | <u>(110,557)</u> |
| | 662,113 | 470,853 |
| Cumulative deposits to the National Pension Fund | (19,194) | (22,326) |
| Severance insurance deposits | <u>(378,655)</u> | <u>(260,764)</u> |
| Balance at the end of the year | <u>₩ 264,264</u> | <u>₩ 187,763</u> |

15. Commitments and Contingencies:

- As of December 31, 2002, the Company has entered into bank overdraft facility agreements with an aggregate credit limit amounting to ₩247,000 million, and certain bank deposits are pledged as collateral for bank overdraft facilities (see Note 4).
- The Company is contingently liable for guarantees of indebtedness, principally for related parties, approximating ₩6,435 million and US\$953,086 thousand as of December 31, 2002, and 15,840 million and US\$1,090,641 thousand as of December 31, 2001.
- As of December 31, 2002, the Company has technical assistance agreements with certain companies. Total royalty expense incurred in relation to these agreements for the years ended December 31, 2002 and 2001 amounted to ₩965,714 million and ₩772,142 million, respectively.
- The Company leases certain property, plant and equipment under various capital lease arrangements that expire over the next year. Assets recorded under capitalized lease agreements are included in property, plant and equipment (total acquisition costs: ₩705,292 million, total net book value: ₩7,325 million). Depreciation expense for the capital lease assets amounted to ₩22,340 million for the year ended December 31, 2002.

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

15. Commitments and Contingencies, Continued;

Future minimum lease payments under scheduled capital leases are as follows (in millions of Korean Won):

| <u>Period</u> | <u>Total minimum payments</u> | <u>Interest Amount</u> | <u>Obligations under capital leases</u> |
|---------------|-----------------------------------|------------------------|---|
| 2003 | ₩ 2,037 | ₩ 67 | ₩ 1,970 |
| | ===== | ===== | ===== |

- As of December 31, 2002, the Company has entered into an agreement to discount trade notes receivable with three Korean banks, including Korea First Bank, up to ₩300,000 million and a credit sales facility agreement with three financial institutions, including Samsung Card Co., Ltd. and Woori Bank (Note 6). For the Credit sales facility agreement with Banks including Woori Bank, the Company has recourse obligation on the receivables of which due dates are extended (₩16,760 million as of December 31, 2002). In addition, the Company has entered into credit purchase facilities with Samsung Card Co., Ltd. and Woori Bank, whereby certain trade creditors of the Company are paid through these financial institutions (Note 25).
- As of December 31, 2002, the Company has been named as the defendant in five legal actions filed by MOSAID Technologies Inc., Matsushita Electric Industrial Co., Ltd., S.I.SV.EL.S.P.A, Pitney Bowes Inc., and International Rectifier Corporation for patent infringements, and as a plaintiff in six legal actions against Quanta Computer, Compal Electronics, Inc., Inventec Corporation, Arima Computer Corporation, Twinhead Corporation, and Tessera Technology, Inc. for alleged patent infringements, and two legal actions against Grandiente Electronica S.A. and Miditel for unpaid debts.

In addition, the Company is a party to various other legal claims and proceedings, all of which are pending as of December 31, 2002. The Company's management believes that, although the outcome of these matters are uncertain, the resolution of these matters will not have a material adverse effect on the operations or financial position of the Company.

The Company has been alleged by Infinion Technologies AG. and Micron Technology Inc., that illegal government subsidies allowed the Company to cut the prices of its dynamic random access memory, or DRAM, Chips. As of December 31, 2002, the investigation by the European Union Commission and the U.S. Department of Commerce & Trade is in progress, and it is not possible to predict the ultimate outcome of the matter.

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

15. Commitments and Contingencies, Continued;

- As of December 31, 2002, one blank check has been provided to a financial institution as collateral for the fulfillment of a certain contract.

As of December 31, 2002, the Company has entered into insurance plan for product liabilities of entire domestic sales, and cargo insurance plans up to ₩19,898,700 million, for product damages in transit and other losses.

- In June 1999, Samsung Motors Inc. ("SMI"), an affiliate of the Company, filed a petition for court receivership. In connection with this petition, the Company and 30 other Samsung Group affiliates (the "Affiliates") entered into an agreement with the institutional creditors (the "Creditors") of SMI in September 1999. In accordance with this agreement, the Company and the Affiliates agreed to sell 3,500,000 shares of Samsung Life Insurance Co., Ltd., transferred to the Creditors in connection with the petition for court receivership of SMI by December 31, 2000. In the event that the sales proceeds fall short of ₩2,450,000 million, the Company and the Affiliates have agreed to compensate the Creditors for the shortfall by other means, including participation in any equity offering or subordinated debentures issued by the Creditors. Any excess proceeds over ₩2,450,000 million is to be distributed to the Company and the Affiliates. As of December 31, 2002, the shares in Samsung Life Insurance Co., Ltd. were not sold. The ultimate effect of these matters on the financial position of the Company as of the balance sheet date cannot presently be determined.

In response to the generally unstable economic conditions, the Korean government and the private sector have been implementing structural reforms to historical business practices. Implementation of these reforms is progressing slowly, particularly in the areas of restructuring private enterprises and reforming the banking industry. The Korean government continues to apply pressure to Korean companies to restructure into more efficient and profitable firms. The Company may be either directly or indirectly affected by these generally unstable economic conditions and the reform program described above. The accompanying financial statements reflect management's assessment of the impact to date of the economic situation on the financial position of the Company. Actual results may differ materially from management's current assessment.

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

16. Capital Stock :

Under its Articles of Incorporation, the Company is authorized to issue 500,000,000 shares of capital stock (par value of ₩5,000 per share), of which 100,000,000 shares are cumulative, participating preferred stock and are non-voting and entitled to a minimum cash dividend (9% of par value). In addition, the Company is authorized to issue to investors other than current shareholders convertible debentures and debentures with warrants of face values up to ₩4,000 billion and ₩2,000 billion, respectively (₩3,000 billion of such convertible debentures is for common stock and the remaining ₩1,000 billion is for preferred stock, and ₩1,500 billion of such debentures with warrants is for common stock and the remaining ₩500 billion is for preferred stock). The Company is also authorized, subject to the Board of Directors' approval, to issue shares of common or preferred stock to investors other than current shareholders for issuance of depository receipts, general public subscription, urgent financing with financial institutions, and strategic alliance.

The Company is authorized, subject to the Board of Directors' approval, to retire treasury stock in accordance with applicable laws up to the maximum amount of certain undistributed earnings.

The Company has issued global depository receipts ("GDR"), representing certain shares of non-voting preferred stock and common stock, for direct funding at overseas stock markets, as follows:

| <u>Date of Issuance</u> | <u>Number of Shares of stock</u> | <u>Number of Shares of GDR</u> | <u>Issue Price of GDR</u> |
|------------------------------|----------------------------------|--------------------------------|---------------------------|
| (Non-voting preferred stock) | | | |
| 1991. 5.17 | 1,907,671 | 3,815,342 | US\$ 26.21 |
| 1993. 6.17 | 2,542,372 | 5,084,744 | US\$ 29.50 |
| 1993.11.12 | 2,158,273 | 4,316,546 | US\$ 34.75 |
| 1994. 4. 6 | 1,086,956 | 2,173,912 | US\$ 46.00 |
| (Common stock) | | | |
| 1995. 6.27 | 813,008 | 1,626,016 | US\$ 92.25 |
| 1995.11. 7 | 612,244 | 1,224,488 | US\$ 122.50 |
| 1997.11.19 | 2,826,087 | 5,652,174 | US\$ 23.00 |

In addition to the above issuances, there have been several conversions of foreign currency convertible bonds into GDRs and conversions of the issued GDRs into original shares of common stock or non-voting preferred stock.

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

16. Capital Stock, Continued;

As of December 31, 2002, outstanding global depository receipts are 33,861,234 shares for common stock (common stock equivalent : 16,930,617 shares) and 10,668,208 shares for non-voting preferred stock (preferred stock equivalent : 5,334,104 shares).

The Company issued 1,405,952 shares of common stock upon the conversion of foreign currency convertible bonds amounting to US\$200,410 thousand during the year ended December 31, 2002 (see Note 13). The cash proceeds in excess of par value amounting to ₩222,949 million were credited to paid-in capital in excess of par value.

As of December 31, 2002, 153,935,959 shares of common stock and 23,893,427 shares of preferred stock have been issued. The preferred shares, which are non-cumulative and non-voting, were all issued on or before February 28, 1997, and are entitled to an additional cash dividend (1% of par value) over common stock.

In addition, as of December 31, 2002, convertible bonds amounting to ₩321,772 million (face value of US\$269,260 thousand) are outstanding (see Note 13). No debentures with warrants have been issued as of December 31, 2002.

17. Retained Earnings:

Retained earnings as of December 31, 2002 and 2001 consist of the following:

| | Reference | Millions | |
|---|-----------|--------------|--------------|
| | | 2002 | 2001 |
| Appropriated: | | | |
| Legal reserve | (A) | ₩ 444,789 | ₩ 441,289 |
| Reserve for business rationalization | (B) | 4,512,101 | 3,512,101 |
| Reserve for improvement of financial structure | (C) | 204,815 | 204,815 |
| Reserve for overseas market development | (D) | 510,750 | 510,750 |
| Reserve for overseas investment losses | (D) | 164,982 | 164,982 |
| Reserve for research and human resource development | (D) | 8,436,458 | 5,436,458 |
| Reserve for export losses | (D) | 167,749 | 167,749 |
| Reserve for loss on disposal of treasury stock | (D) | 800,000 | 200,000 |
| Reserve for capital expenditure | (E) | 4,250,393 | 2,714,811 |
| | | 19,492,037 | 13,352,955 |
| Unappropriated | | 31 | 32 |
| | | ₩ 19,492,068 | ₩ 13,352,987 |

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

17. Retained Earnings, Continued;

- (A) The Korean Commercial Code requires the Company to appropriate as a legal reserve, an amount equal to a minimum of 10% of annual cash dividends declared, until the reserve equals 50% of capital stock. This reserve is not available for the payment of cash dividends, but may be transferred to capital stock or used to reduce accumulated deficit, if any.
- (B) Until the year 2001, pursuant to the Tax Reduction and Exemption Control Law, the Company had been required to appropriate, as a reserve for business rationalization, an amount equal to the exemption of income taxes resulting from investment tax credits and certain deductions from taxable income. Due to revisions made to the Korean tax laws during 2002, such reserve is no longer required.
- (C) In accordance with the Regulation for Securities Issuance and Disclosure, the Company is required to appropriate as a reserve for improvement of financial structure an amount equal to at least 50% of the net extraordinary gain on disposal of property, plant and equipment and 10% of net earnings for each year until the shareholders' equity equals 30% of total assets. This reserve is not available for the payment of cash dividends, but may be transferred to capital stock or used to reduce accumulated deficit, if any.
- (D) Pursuant to the Korean tax laws, the Company is allowed to claim a tax deduction in determining taxable income for the amounts of retained earnings appropriated to reserves for overseas market development, overseas investment losses, research and human resource development, export losses and losses on disposal of treasury stock. These amounts are not available for dividends until used for the specified purposes or reversed.
- (E) The reserve for capital expenditure amount is appropriated by the Company for capital expenditures and may be used for any purpose through a shareholders' resolution.

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

18. Dividend Information:

The Company declared a cash dividend to shareholders of common stock and preferred stock as an interim dividend for the six-month periods ended June 30, 2002 and 2001, and as year-end dividends for the years ended December 31, 2002 and 2001.

Details of interim dividends and year-end dividends are as follows (in millions of Korean Won, except for the number of shares):

(A) Interim Dividend

| | | 2002 | 2001 |
|---|-----------------|--------------------|--------------------|
| Number of shares eligible for dividend | Common stock | 145,642,164 shares | 146,001,447 shares |
| | Preferred stock | 22,413,734 shares | 22,623,734 shares |
| Dividend Rate | | 10% | 10% |
| Dividend Amount | Common stock | ₩ 72,822 | ₩ 73,001 |
| | Preferred stock | 11,207 | 11,312 |
| | | ₩ 84,029 | ₩ 84,313 |

(B) Year-end Dividend

| | | 2002 | 2001 |
|---|-----------------|--------------------|--------------------|
| Number of shares eligible for dividend | Common stock | 143,496,334 shares | 146,080,382 shares |
| | Preferred stock | 22,013,734 shares | 22,623,734 shares |
| Dividend Rate | Common stock | 100% | 30% |
| | Preferred stock | 101% | 31% |
| Dividend Amount | Common stock | ₩ 717,482 | ₩ 219,120 |
| | Preferred stock | 111,169 | 35,067 |
| | | ₩ 828,651 | ₩ 254,187 |

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

18. Dividend Information, Continued;

(C) Dividend Payout Ratio

| | Millions | |
|-----------------------|------------------|------------------|
| | 2002 | 2001 |
| Dividend | ₩ 912,680 | ₩ 338,500 |
| Net Income | <u>7,051,761</u> | <u>2,946,935</u> |
| Dividend Payout Ratio | 12.94% | 11.49% |

(D) Dividend Yield Ratio

| | In Won | | | |
|--|---------------------|------------------------|---------------------|------------------------|
| | 2002 | | 2001 | |
| | <u>Common stock</u> | <u>Preferred stock</u> | <u>Common stock</u> | <u>Preferred stock</u> |
| Dividend per share | 5,500 | 5,550 | 2,000 | 2,050 |
| Market price as of December 31, 2002 and 2001 | <u>314,000</u> | <u>150,000</u> | <u>279,000</u> | <u>113,500</u> |
| Dividend Payout Ratio | 1.75% | 3.70% | 0.72% | 1.81% |

19. Treasury stock:

As of December 31, 2002, the Company holds 10,439,625 shares of its own common stock and 1,879,693 shares of its own preferred stock. This treasury stock is recorded as a capital adjustment.

20. Other Capital Adjustments:

Other capital adjustments as of December 31, 2002 and 2001 consist of the following:

| | Millions | |
|--|------------------|------------------|
| | 2002 | 2001 |
| Consideration of conversion rights | ₩ - | ₩ 26,906 |
| Gains (losses) on valuation of investments | (122,238) | 149,242 |
| Losses on valuation of derivative instruments | - | (3,806) |
| Stock option compensation | <u>588,497</u> | <u>336,301</u> |
| | <u>₩ 466,259</u> | <u>₩ 508,643</u> |

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

21. Stock Option Plan:

The Company has a stock option plan that provides for the granting stock purchase options to employees or directors who have contributed or are expected to contribute to the management and technological innovation of the Company.

A summary of the terms of stock options granted is as follows:

| | <u>Date of the grant</u> | | | |
|--|--------------------------|----------------------|--------------------------|-----------------------|
| | <u>March 16, 2000</u> | <u>March 9, 2001</u> | <u>February 28, 2002</u> | <u>March 25, 2002</u> |
| • Options outstanding | 1,455,000 | 2,935,500 | 988,000 | 121,000 |
| • Exercise price (*) | ₩ 272,700 | ₩ 197,100 | ₩ 329,200 | ₩ 342,800 |
| • Exercise period from the date of the grant (**) | 3~10 years | 3~10 years | 2~10 years | 2~10 years |

(*) The exercise price can be adjusted in the case of the issuance of new shares, stock dividends, stock splits, or stock merger.

(**) The options can be fully vested after two years from the date of the grant.

The fair value of each option grant was estimated using the Black-Scholes option-pricing model based on the date of the grant and the following assumptions:

| | <u>Date of the grant</u> | | | |
|--------------------------------------|--------------------------|----------------------|--------------------------|-----------------------|
| | <u>March 16, 2000</u> | <u>March 9, 2001</u> | <u>February 28, 2002</u> | <u>March 25, 2002</u> |
| • Risk-free interest rates | 9.08% | 6.04% | 5.71% | 6.44% |
| • Expected stock price volatility | 69.48% | 74.46% | 64.97% | 64.90% |
| • Expected life | 4 years | 4 years | 3 years | 3 years |
| • Expected dividend yield | 0.39% | 0.89% | 0.73% | 0.74% |

The compensation expense related to stock options amounted to ₩252,196 million for the year ended December 31, 2002. In addition, accumulated compensation expense as of December 31, 2002 and estimated compensation expense for the years thereafter is ₩588,497 million and ₩130,589 million, respectively.

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

22. Selling, general and administrative expenses:

Selling, general and administrative expenses for the years ended December 31, 2002 and 2001 consist of the following:

| | Millions | |
|--|-------------|-------------|
| | 2002 | 2001 |
| Salaries | ₩ 536,103 | ₩ 360,089 |
| Provision for severance benefits | 77,776 | 49,054 |
| Commission & service charge | 1,031,357 | 824,890 |
| Depreciation expense for tangible assets | 93,270 | 112,186 |
| Amortization expense for intangible assets | 17,782 | 10,525 |
| Advertisement expense | 699,357 | 517,549 |
| Sales promotion expense | 292,890 | 292,849 |
| Transportation expense | 394,628 | 339,935 |
| After service expense | 269,861 | 511,147 |
| Bad debts expense | 3,286 | 16,579 |
| Public relation expense | 267,780 | 197,995 |
| Sales commission | 286,673 | 250,354 |
| Ordinary development expense | 594,493 | 510,811 |
| Research expense | 1,165,298 | 1,022,558 |
| Stock compensation expense | 132,434 | 119,365 |
| Others | 458,037 | 434,422 |
| | ₩ 6,321,025 | ₩ 5,570,308 |
| | ===== | ===== |

23. Income Tax Expense:

The statutory income tax rate applicable to the Company, including resident surtax, is approximately 29.7% for the year ended December 31, 2002.

Income tax expense for the years ended December 31, 2002 and 2001 consists of the following:

| | Millions | |
|--|-------------|-----------|
| | 2002 | 2001 |
| Current income taxes | ₩ 1,394,168 | ₩ 331,799 |
| Increase (decrease) in deferred income taxes | 424,537 | (196,127) |
| | ₩ 1,818,705 | ₩ 135,672 |
| | ===== | ===== |

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

23. Income Tax Expense, Continued;

The following table reconciles the expected amount of income tax expense based on statutory rates to the actual amount of taxes recorded by the Company:

| | Millions | |
|----------------------------------|-------------|-------------|
| | 2002 | 2001 |
| Income before income taxes | ₩ 8,870,466 | ₩ 3,082,607 |
| Statutory tax rate | 29.7% | 30.8% |
| Expected taxes at statutory rate | 2,634,528 | 949,443 |
| Tax credit | (798,887) | (764,384) |
| Others, net | (16,936) | (49,387) |
| Actual income taxes | ₩ 1,818,705 | ₩ 135,672 |
| Effective tax rate | 20.5% | 4.4% |

Components of deferred income taxes as of December 31, 2002 and 2001 are as follows:

| | 2002 | | | 2001 | | |
|---|-------------------|---------------------|----------------|-------------------|---------------------|----------------|
| | Beginning Balance | Increase (Decrease) | Ending Balance | Beginning Balance | Increase (Decrease) | Ending Balance |
| (Deferred income tax assets) | | | | | | |
| Deferred foreign exchange losses | ₩ 54,224 | ₩ (29,762) | ₩ 24,462 | ₩ 132,121 | ₩ (77,897) | ₩ 54,224 |
| Loss on impairment of investments | 5,818 | 33,753 | 39,571 | 5,236 | 582 | 5,818 |
| Depreciation | 10,903 | 5,461 | 16,364 | 146,162 | (135,259) | 10,903 |
| Accrued expenses | 116,459 | 72,208 | 188,667 | 34,806 | 81,653 | 116,459 |
| Tax credit carry-forwards | 401,623 | (158,955) | 242,668 | - | 401,623 | 401,623 |
| Others | 54,282 | (26,620) | 27,662 | 72,300 | (18,018) | 54,282 |
| Total deferred income tax assets | 643,309 | (103,915) | 539,394 | 390,625 | 252,684 | 643,309 |
| (Deferred income tax liabilities) | | | | | | |
| Special reserves appropriated for tax purpose | 107,016 | 113,836 | 220,852 | 110,980 | (3,964) | 107,016 |
| Capitalized interest expense | 68,346 | 3,308 | 71,654 | 54,811 | 13,535 | 68,346 |
| Accrued interest income | 26,558 | 25,658 | 52,216 | 8,980 | 17,578 | 26,558 |
| Earnings from equity-method investments | 64,878 | 177,999 | 242,877 | 19,619 | 45,259 | 64,878 |
| Others | 179 | (179) | - | 18,029 | (17,850) | 179 |
| Total deferred income tax liabilities | 266,977 | 320,622 | 587,599 | 212,419 | 54,558 | 266,977 |
| Net deferred income tax assets (liabilities) | ₩ 376,332 | ₩ (424,537) | ₩ (48,205) | ₩ 178,206 | ₩ 198,126 | ₩ 376,332 |

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

23. Income Tax Expense, Continued;

The Company periodically assesses its ability to recover deferred income tax assets. In the event of a significant uncertainty regarding the Company's ultimate ability to recover such assets, a valuation allowance is recorded to reduce the assets to its estimated net realizable value.

The Company did not recognize the income tax effect of a ₩412,908 million temporary difference resulting from revaluation of land, as the Company does not have plan to dispose the revalued land in the near future.

The Company did not recognize the income tax effect of a temporary difference resulting from earnings arising from certain equity-method investments, as the Company does not expect cash inflows, such as proceeds from the disposal of or receipts of dividends from the equity-method investments, within five years.

24. Earnings Per Share:

Earnings per share are calculated as follows (in millions of Korean Won, except for per share amounts which are in Korean Won):

• Basic earnings per share

| | <u>2002</u> | <u>2001</u> |
|---|--------------------|--------------------|
| Net income | ₩ 7,051,761 | ₩ 2,946,935 |
| Adjustments: | | |
| Dividends for preferred stock | (122,376) | (46,379) |
| Undeclared participating preferred stock dividend | <u>(816,531)</u> | <u>(349,798)</u> |
| Net income available for common stock | 6,112,854 | 2,550,758 |
| Weighted average number of shares of common stock outstanding | <u>145,527,431</u> | <u>146,080,382</u> |
| Basic earnings per share (In Korean Won) | <u>₩ 42,005</u> | <u>₩ 17,461</u> |

• Diluted earnings per share

| | | |
|--|--------------------|--------------------|
| Net income available for common stock | ₩ 6,112,854 | ₩ 2,550,758 |
| Adjustment: | | |
| Interest expense on convertible bonds | <u>12,175</u> | <u>19,710</u> |
| Net income available for common stock and common equivalent shares | 6,125,029 | 2,570,468 |
| Weighted average number of common stock and common equivalent shares (*) outstanding | <u>147,224,504</u> | <u>149,184,308</u> |
| Diluted earnings per share (In Korean Won) | <u>₩ 41,603</u> | <u>₩ 17,230</u> |

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

24. Earnings Per Share, Continued;

(*) Common equivalent shares

| | <u>2002</u> | | |
|------------------|-------------------------|---------------|--------------------------------|
| | <u>Number of shares</u> | <u>Weight</u> | <u>Common stock equivalent</u> |
| Convertible bond | | | |
| US\$ 72,900,000 | 788,380 | 365/365 | 788,380 |
| US\$ 196,360,000 | 908,693 | 365/365 | 908,693 |
| | | | <u>1,697,073</u> |
| | | | ===== |
| | | | |
| | <u>2001</u> | | |
| | <u>Number of shares</u> | <u>Weight</u> | <u>Common stock equivalent</u> |
| Convertible bond | | | |
| US\$ 69,780,000 | 546,969 | 365/365 | 546,969 |
| US\$ 100,000,000 | 1,081,454 | 365/365 | 1,081,454 |
| US\$ 100,000,000 | 549,965 | 365/365 | 549,965 |
| US\$ 200,000,000 | 925,538 | 365/365 | 925,538 |
| | | | <u>3,103,926</u> |
| | | | ===== |

The Company does not include stock options in computing common equivalent shares, as the stock options vested do not have dilutive effects.

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

25. Related Party Transactions:

Significant transactions with related parties for the years ended December 31, 2002 and 2001 and the related receivables and payables as of December 31, 2002 and 2001 are as follows:

| Company | Millions of Won, Thousands of U.S. Dollars | | | | | | | |
|--|--|----------------------|---------------------|---------------------|-------------------|------------------|--------------------|--------------------|
| | Sales | | Purchases | | Receivables | | Payables | |
| | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 |
| (Local companies) | | | | | | | | |
| Living Plaza | ₩ 929,932 | ₩ 729,182 | ₩ 8,495 | ₩ 47,470 | ₩ 9,918 | ₩ 8 | ₩ 5,053 | ₩ 6,979 |
| Samsung SDI Co., Ltd. | 245,824 | 205,183 | 1,679,262 | 1,182,676 | 26,130 | 10,317 | 100,717 | 63,012 |
| Samsung Electronics Service Co., Ltd. | 134,646 | 129,245 | 174,037 | 162,728 | 41,088 | 32,923 | 19,609 | 34,518 |
| Samsung Corporation | 70,952 | 63,378 | 1,115,269 | 1,026,507 | 19,573 | 14,806 | 151,640 | 53,683 |
| Samsung Kwangju Electronics Co., Ltd. | 7,937 | 72,074 | 1,015,892 | 938,728 | 1,872 | 5,337 | 31,506 | 36,329 |
| Samsung Electro-Mechanics Co., Ltd. | 45,655 | 35,887 | 862,983 | 762,586 | 13,523 | 838 | 29,815 | 39,235 |
| Samsung SDS Co., Ltd. | 40,154 | 38,061 | 370,112 | 289,573 | 3,484 | 7,191 | 38,739 | 20,795 |
| Samsung Life Insurance Co., Ltd. | 6,003 | 4,670 | 4,665 | 3,805 | 36,488 | 53,599 | 3,192 | 5,912 |
| Seoul Commtech Co., Ltd. | 5,685 | 13,513 | 117,893 | 128,995 | 167 | 388 | 20,577 | 14,107 |
| Tolos Co., Ltd. | 2,139 | 1,674 | 188,466 | 124,473 | 209 | 110 | 17,301 | 9,863 |
| Cheil Communications Co., Ltd. | 1,052 | 750 | 167,571 | 155,590 | 124 | 33 | 96,256 | 91,066 |
| Samsung Techwin Inc. | 854 | 1,086 | 166,722 | 158,514 | 203 | 121 | 13,321 | 9,665 |
| Samsung Everland | 407 | 4,195 | 132,526 | 121,441 | 180,469 | 172,303 | 14,502 | 10,367 |
| Novita Co., Ltd. | 92 | 502 | 105,585 | 117,839 | 9 | 8 | 5,746 | 6,360 |
| Samsung Card Co., Ltd. | 1,560 | 1,191 | 19,062 | 13,111 | 26,714 | 7,343 | 1,278,694 | 1,233,771 |
| Others | 128,276 | 102,112 | 1,093,755 | 823,069 | 77,052 | 65,355 | 80,419 | 59,733 |
| Total | ₩ 1,621,168 | ₩ 1,402,703 | ₩ 7,222,295 | ₩ 6,057,105 | ₩ 437,023 | ₩ 370,680 | ₩ 1,907,087 | ₩ 1,695,395 |
| (Foreign companies) | | | | | | | | |
| Samsung Electronics America, Inc. | \$ 5,802,206 | \$ 4,511,140 | \$ 973,060 | \$ 787,933 | \$ 8,025 | \$ 8,163 | \$ 61,368 | \$ 36,750 |
| Samsung Japan Co., Ltd. | 1,879,667 | 1,319,546 | 1,911,500 | 1,834,831 | - | - | 93,002 | 34,294 |
| Samsung Electronics Taiwan Co., Ltd. | 1,237,760 | 601,328 | 356,038 | 358,608 | 8 | - | 95 | 318 |
| Samsung Electronics Hong Kong Co., Ltd. | 878,229 | 457,457 | 422,535 | 306,096 | 74 | 1,343 | 12,184 | 9,096 |
| Samsung Asia Private, Ltd. | 920,186 | 594,793 | 361,515 | 378,819 | 518 | 789 | - | 8,068 |
| Samsung Electronics Overseas B.V. | 541,397 | 369,183 | - | - | 27,353 | 16,902 | 4 | 602 |
| Samsung Electronics Hungarian RT. Co., Ltd. | 97,159 | 72,744 | 847 | 506 | 10,255 | 8,166 | 57 | 14 |
| Samsung Electronics Display (M) SDN.OMD(HSD) | 108,287 | 31,708 | 497 | 4 | 9,081 | 77 | 180 | - |
| Others | 6,738,903 | 4,952,393 | 336,898 | 191,884 | 61,322 | 29,610 | 45,429 | 24,038 |
| Total | \$ 18,203,794 | \$ 12,910,292 | \$ 4,362,890 | \$ 3,858,681 | \$ 116,636 | \$ 65,050 | \$ 212,319 | \$ 113,180 |

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

25. Related Party Transactions, Continued;

In addition, for the years ended December 31, 2002 and 2001, Samsung Corporation executed exportation amounting to ₩23,501,962 million and ₩17,996,360 million, respectively, and importation amounting to ₩982,896 million and ₩1,323,396 million, respectively, of goods on behalf of the Company.

Besides, the balances of receivables from Samsung Card Co., Ltd. as of December 31, 2002 and 2001 resulting from the credit sales facility agreement amounted to ₩26,592 million and ₩7,334 million, respectively (See Note 15), and the balances of payables to Samsung Card Co., Ltd. resulting from the credit purchase facility agreement amounted to ₩1,278,324 million and ₩1,232,016 million, respectively (See Note 15).

Furthermore, the balances of Money Market Fund from Samsung Securities Co., Ltd. as of December 31, 2002 and 2001 amounted to ₩530,025 million and ₩100,000 million, respectively (See Note 4), and the balances of local currency loans from Samsung Card Co., Ltd. amounted to ₩28 million and ₩55 million, respectively (See Note 12). And, the Company has entered into severance insurance plan with Samsung Life Insurance Co., Ltd. and fire and other insurances with Samsung Fire & Marine Insurance Co., Ltd. (See Notes 7, 8 and 14).

26. Research and Development Costs:

Research and development costs incurred and expensed for the years ended December 31, 2002 and 2001 comprise the following:

| | Millions | |
|-------------------------------|-------------|-------------|
| | 2002 | 2001 |
| Research expenses | ₩ 1,165,298 | ₩ 1,022,558 |
| Ordinary development expenses | 1,776,964 | 1,395,676 |
| | ₩ 2,942,262 | ₩ 2,418,234 |

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

27. Foreign Currency Translation:

At December 31, 2002 and 2001, assets and liabilities denominated in foreign currencies and related gains and losses on foreign currency translation are as follows:

| Account | Thousands | | Millions | | | |
|-------------------------------------|-----------|------------|--------------|-------------|-------------|--------------|
| | 2002 | | 2002 | | 2001 | |
| | Foreign | | Korean Won | Translation | Translation | Korean Won |
| | Currency | | (translated) | Loss | Gain | (translated) |
| Foreign currency deposits | USD | 104,489 | ₩ 125,429 | ₩ - | ₩ - | ₩ 256,927 |
| | JPY | 541,640 | 5,486 | - | - | 14,427 |
| | Others | | 16,081 | - | - | 15,214 |
| | | | | 146,996 | - | - |
| Trade accounts and notes receivable | USD | 152,924 | 183,569 | 4,436 | 234 | 83,869 |
| | JPY | 5,265,048 | 53,328 | 42 | 999 | 1,284 |
| | EUR | 312 | 393 | - | 16 | 5,189 |
| | GBP | 3 | 5 | - | - | 124 |
| | Others | | 189 | 3 | - | 697 |
| | | | 237,484 | 4,481 | 1,249 | 91,163 |
| Other accounts and notes receivable | USD | 98,892 | ₩ 118,710 | ₩ 665 | ₩ 11 | ₩ 81,225 |
| | EUR | 1,823 | 2,292 | - | 24 | 13,824 |
| | Others | | 1,953 | 13 | 9 | 41 |
| | | | 122,955 | 678 | 44 | 95,090 |
| Other assets | USD | 92,451 | 110,977 | 1,058 | 541 | 45,497 |
| | EUR | 8,600 | 10,813 | 46 | - | 18,821 |
| | CNY | 303 | 44 | - | 1 | 150 |
| | IRR | | - | - | - | 289 |
| | Others | | 2,439 | 261 | 38 | 1,249 |
| | | | 124,273 | 1,365 | 580 | 66,006 |
| Trade accounts and notes payable | USD | 232,621 | 279,238 | 4 | 1,990 | 244,291 |
| | JPY | 15,106,907 | 153,013 | 3,011 | - | 123,894 |
| | EUR | 4,372 | 5,497 | 101 | - | 3,989 |
| | Others | | 264 | 11 | - | 24 |
| | | | 438,012 | 3,127 | 1,990 | 372,198 |

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

27. Foreign Currency Translation, Continued;

| Account | Thousands | | Millions | | | |
|---|-----------|------------|----------------|--------------|---------------|------------------|
| | 2002 | | 2002 | | 2001 | |
| | Foreign | | Korean Won | Translation | Translation | Korean Won |
| | Currency | | (translated) | Loss | Gain | (translated) |
| Other accounts and notes payable | GBP | 2,900 | 5,582 | 5 | - | 2,972 |
| | USD | 356,272 | 427,669 | 2,154 | 11,375 | 359,263 |
| | EUR | 67,937 | 85,421 | 2,104 | - | 41,794 |
| | JPY | 5,277,921 | 53,458 | 607 | 431 | 133,243 |
| | Others | | 538 | 2 | - | 4,506 |
| | | | <u>572,668</u> | <u>4,872</u> | <u>11,806</u> | <u>541,778</u> |
| Accrued expenses | GBP | 8,167 | 15,721 | 137 | - | 7,154 |
| | USD | 432,298 | 518,931 | 24 | 14,156 | 373,062 |
| | JPY | 1,371,075 | 13,887 | 117 | - | 18,131 |
| | Others | | 75,590 | 402 | 49 | 35,044 |
| | | | <u>624,129</u> | <u>680</u> | <u>14,205</u> | <u>433,391</u> |
| Other current liabilities | USD | 250 | ₩ 300 | ₩ - | ₩ 86 | ₩ 30,365 |
| Other long-term liabilities | USD | 179,450 | 215,412 | 1,831 | 14,221 | 217,756 |
| Foreign currency notes and bonds (including current portions) | USD | 369,260 | 441,812 | - | 12,570 | 1,082,533 |
| | JPY | 14,790,000 | 149,803 | 513 | - | 149,290 |
| | | | <u>591,615</u> | <u>513</u> | <u>12,570</u> | <u>1,231,823</u> |
| Long-term debt (including current portions) | USD | 1,641 | 1,970 | - | 206 | 253,008 |
| | JPY | - | - | - | - | 172,607 |
| | | | <u>1,970</u> | <u>-</u> | <u>206</u> | <u>425,615</u> |
| Total | | | | ₩ 17,547 | ₩ 56,957 | |

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

28. Supplementary Information For Computation of Value Added:

The accounts and amounts, included in cost of sales and selling, general and administrative expenses, needed for the computation of value added for the years ended December 31, 2002 and 2001 are as follows:

| | Millions | | | | | |
|----------------------------------|---------------|-------------|-----------|-----------|--------------------------------|-------------|
| | Cost of sales | | SG&A | | Research and Development Costs | |
| | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 |
| Depreciation and amortization | ₩ 2,723,360 | ₩ 2,664,029 | ₩ 111,052 | ₩ 122,711 | ₩ 320,845 | ₩ 399,019 |
| Salaries and wages | 1,246,497 | 886,590 | 536,103 | 360,089 | 858,150 | 579,187 |
| Employee benefits | 168,232 | 147,086 | 39,632 | 51,561 | 76,322 | 68,270 |
| Provision for severance benefits | 117,223 | 102,661 | 77,776 | 49,054 | 81,174 | 64,606 |
| Rent | 100,836 | 107,527 | 11,401 | 12,474 | 14,370 | 12,125 |
| Taxes and dues | 54,552 | 48,942 | 66,749 | 55,271 | 28,935 | 24,901 |
| | ₩ 4,410,700 | ₩ 3,956,835 | ₩ 842,713 | ₩ 651,160 | ₩ 1,379,796 | ₩ 1,148,108 |

29. Segment Information:

Summary of financial data by business segment and geographic area as of December 31, 2002 and 2001, and for the years then ended, are as follows (in millions of Korean Won):

| | 2002 Summary of Business by Segment | | | | |
|---|-------------------------------------|----------------------------|------------------------------|-------------------------|-------------|
| | Digital Media Network | Digital Appliances Network | Telecomm -unications Network | Device Solution Network | Others |
| <u>Sales</u> | | | | | |
| Net sales to external customers | ₩ 9,945,846 | ₩ 3,706,277 | ₩ 12,390,559 | ₩ 12,805,388 | ₩ 1,663,493 |
| Intersegment sales | 25,000 | 15,971 | 5 | 1,329,789 | 168,751 |
| | ₩ 9,970,846 | ₩ 3,722,248 | ₩ 12,390,564 | ₩ 14,135,177 | ₩ 1,832,244 |
| | | | | | |
| Operating profit (loss) | ₩ 385,278 | ₩ 128,586 | ₩ 2,982,265 | ₩ 3,817,449 | ₩ (68,906) |
| | | | | | |
| Property, plant and equipment & Intangible assets | ₩ 588,001 | ₩ 449,203 | ₩ 1,705,873 | ₩ 11,643,151 | ₩ 132,783 |
| | | | | | |
| Depreciation & Amortization | ₩ 66,324 | ₩ 34,602 | ₩ 191,740 | ₩ 2,820,038 | ₩ 42,959 |

Continued;

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

29. Segment Information, Continued:

| | 2001 Summary of Business by Segment | | | | |
|--|-------------------------------------|----------------------------------|------------------------------------|-------------------------------|-------------|
| | Digital Media Network | Digital Appliances Network | Telecomm -unications Network | Device Solution Network | Others |
| <u>Sales</u> | | | | | |
| Net sales to external customers | ₩ 9,438,405 | ₩ 3,106,712 | ₩ 9,033,569 | ₩ 8,883,600 | ₩ 1,918,089 |
| Intersegment sales | 20,535 | 9,956 | 5,473 | 1,040,340 | 151,335 |
| | ₩ 9,458,940 | ₩ 3,116,668 | ₩ 9,039,042 | ₩ 9,923,940 | ₩ 2,069,424 |
| ===== | | | | | |
| Operating profit (loss) | ₩ 292,825 | ₩ 182,934 | ₩ 1,374,087 | ₩ 698,370 | ₩ (252,882) |
| ===== | | | | | |
| <u>Property,</u> | | | | | |
| plant and equipment & Intangible assets | ₩ 569,699 | ₩ 417,189 | ₩ 1,610,773 | ₩ 10,775,589 | ₩ 96,647 |
| ===== | | | | | |
| <u>Depreciation</u> | | | | | |
| & Amortization | ₩ 69,893 | ₩ 35,492 | ₩ 194,072 | ₩ 2,840,173 | ₩ 46,614 |
| ===== | | | | | |

| | 2002 Summary of Business by Geographic Area | | | | |
|-------|---|---------------------------------|-------------|--------------|-----------|
| | South Korea | Asia (excluding South Korea) | Europe | America | Africa |
| Sales | ₩ 12,148,215 | ₩ 9,514,438 | ₩ 8,255,974 | ₩ 10,444,596 | ₩ 148,340 |
| ===== | | | | | |

| | 2001 Summary of Business by Geographic Area | | | | |
|-------|---|---------------------------------|-------------|-------------|-----------|
| | South Korea | Asia (excluding South Korea) | Europe | America | Africa |
| Sales | ₩ 10,509,895 | ₩ 7,954,054 | ₩ 6,051,751 | ₩ 7,733,057 | ₩ 131,618 |
| ===== | | | | | |

SAMSUNG ELECTRONICS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, Continued
December 31, 2002 and 2001

30. Reclassification of 2001 Amounts:

Certain amounts in the 2001 financial statements have been reclassified to conform to the 2002 presentation. These reclassifications had no effect on previously reported net income or shareholders' equity.