

NAVER Corporation and Subsidiaries
Consolidated Interim Financial Statements
March 31, 2018 and 2017

NAVER Corporation and Subsidiaries

Index

March 31, 2018 and 2017

	Page(s)
Report on Review of Interim Financial Statements	1 - 2
Consolidated Interim Financial Statements	
Consolidated Interim Statements of Financial Position	3
Consolidated Interim Statements of Comprehensive Income	4
Consolidated Interim Statements of Changes in Equity	5
Consolidated Interim Statements of Cash Flows	6
Notes to the Consolidated Interim Financial Statements	7 - 56



Report on Review of Interim Financial Statements

(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of
NAVER Corporation

Reviewed Financial Statements

We have reviewed the accompanying consolidated interim financial statements of NAVER Corporation and its subsidiaries (collectively referred to as the “Group”). These financial statements consist of the consolidated interim statement of financial position of the Group as at March 31, 2018, and the related consolidated interim statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2018 and 2017, and a summary of significant accounting policies and other explanatory notes, expressed in Korean won.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

Conclusion

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

Other Matters

We have audited the consolidated statement of financial position of the Group as at December 31, 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, in accordance with Korean Standards on Auditing. We expressed an unqualified opinion on those financial statements, not presented herein, in our audit report dated March 8, 2018. The consolidated statement of financial position as at December 31, 2017, presented herein for comparative purposes, is consistent, in all material respects, with the above audited statement of financial position as at December 31, 2017.

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

May 15, 2018
Seoul, Korea

This report is effective as at May 15, 2018, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

NAVER Corporation and Subsidiaries
Consolidated Interim Statements of Financial Position
March 31, 2018 and December 31, 2017

<i>(in Korean won)</i>	Notes	March 31, 2018 (Unaudited)	December 31, 2017
Assets			
Current assets			
Cash and cash equivalents	16	₩ 2,006,074,817,859	₩ 1,907,575,060,667
Short-term financial instruments	16	879,514,824,195	1,333,889,498,274
Financial assets at fair value through profit or loss	5,16	-	274,532,710,666
Financial assets at fair value - profit or loss	5,16	501,253,208,828	-
Trade and other receivables	4,16	1,031,388,820,506	1,026,872,808,889
Available-for-sale financial assets	5,16	-	79,435,727,110
Financial assets at fair value - other comprehensive income	5,16	81,473,562,863	-
Current tax asset		1,777,709,159	1,099,626,162
Other current assets		165,445,936,369	124,617,831,303
Inventories		32,934,159,301	36,204,513,812
		<u>4,699,863,039,080</u>	<u>4,784,227,776,883</u>
Non-current assets			
Property and equipment	9	1,232,034,759,230	1,150,012,698,630
Intangible assets	10	349,000,138,248	339,511,680,983
Long-term financial instruments	16	22,202,201,623	120,301,393,998
Financial assets at fair value through profit or loss	5,16	-	39,151,181,682
Financial assets at fair value - profit or loss	5,16	424,295,375,103	-
Trade and other receivables	4,16	78,119,647,758	74,199,645,388
Available-for-sale financial assets	5,16	-	943,632,439,930
Financial assets at fair value - other comprehensive income	5,16	714,550,404,596	-
Held-to-maturity financial assets	16	-	2,660,696,298
Investments in associates and joint ventures	11	580,273,056,339	280,997,122,915
Deferred tax assets		236,454,032,973	248,493,530,447
Other non-current assets		30,595,859,144	36,063,392,760
		<u>3,667,525,475,014</u>	<u>3,235,023,783,031</u>
Total assets		<u>₩ 8,367,388,514,094</u>	<u>₩ 8,019,251,559,914</u>
Liabilities			
Current liabilities			
Trade and other payables	16	₩ 737,645,003,567	₩ 770,724,455,666
Financial liabilities at fair value through profit or loss	5,16	2,318,894,489	30,360,536
Short-term borrowings	12,16	274,769,242,111	211,011,222,442
Current portion of debentures	12,16	150,000,000,000	150,000,000,000
Current tax payables		359,185,862,088	305,730,913,120
Provisions	14	4,476,676,298	5,897,847,971
Other current liabilities		983,334,751,732	859,335,494,500
		<u>2,511,730,430,285</u>	<u>2,302,730,294,235</u>
Non-current liabilities			
Trade and other payables	16	9,065,938,193	11,652,173,744
Financial liabilities at fair value through profit or loss	5,16	2,293,622,654	4,608,180,098
Long-term borrowings	12,16	100,977,454,060	49,933,677,257
Net defined benefit liabilities	13	296,000,519,337	284,033,206,529
Provisions	14	36,493,502,208	34,765,546,071
Deferred tax liabilities		31,813,774,636	25,177,671,162
Other non-current liabilities		1,157,706,106	1,164,575,869
		<u>477,802,517,194</u>	<u>411,335,030,730</u>
Total liabilities		<u>2,989,532,947,479</u>	<u>2,714,065,324,965</u>
Equity			
Equity attributable to owners of the Parent Company			
Share capital	15	16,481,339,500	16,481,339,500
Share premium	15	1,513,367,765,244	1,507,878,510,842
Other components of equity		(1,455,499,125,494)	(1,317,531,622,681)
Retained earnings		4,733,637,019,321	4,555,517,868,323
Non-controlling interest		<u>569,868,568,044</u>	<u>542,840,138,965</u>
Total equity		<u>5,377,855,566,615</u>	<u>5,305,186,234,949</u>
Total liabilities and equity		<u>₩ 8,367,388,514,094</u>	<u>₩ 8,019,251,559,914</u>

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

NAVER Corporation and Subsidiaries
Consolidated Interim Statements of Comprehensive Income
Three-Month Periods Ended March 31, 2018 and 2017

(in Korean won)	Notes	Three-Month Period Ended March 31	
		2018 (Unaudited)	2017 (Unaudited)
Operating revenues	8	₩ 1,309,059,864,248	₩ 1,082,247,281,196
Operating expenses		(1,052,079,300,378)	(791,449,991,892)
Operating profit		256,980,563,870	290,797,289,304
Other income		19,218,508,845	16,150,854,686
Other expenses		(20,093,375,828)	(23,781,141,480)
Interest income		5,454,967,656	6,813,215,502
Other finance income		26,183,160,640	21,152,375,869
Finance costs		(29,135,412,153)	(3,405,617,433)
Share of net loss of associates and joint ventures	11	(2,942,649,228)	(963,187,216)
Profit before income tax		255,665,763,802	306,763,789,232
Income tax expense	17	(102,683,456,601)	(93,414,794,401)
Profit from continuing operations		152,982,307,201	213,348,994,831
Profit (loss) from discontinued operations	22	769,346,837	(2,472,943,961)
Profit for the period		₩ 153,751,654,038	₩ 210,876,050,870
Profit for the period is attributable to:			
Owners of the Parent Company			
Profit from continuing operations		164,454,042,813	207,955,486,713
Profit (loss) from discontinued operations		769,346,837	(2,472,943,961)
Non-controlling interests		(11,471,735,612)	5,393,508,118
Other comprehensive income (loss)			
Items that may be subsequently reclassified to profit or loss			
Changes in the fair value of available-for-sale financial assets		-	2,018,988,198
Gain on valuation of debt instruments at fair value - other comprehensive income		816,964,114	-
Exchange differences		67,036,246,219	(55,529,991,882)
Share of other comprehensive income of associates and joint ventures	11	9,389,819,178	(7,569,232,726)
Items that will not be reclassified to profit or loss			
Gain on valuation of equity instruments at fair value - other comprehensive income		6,467,400,579	-
Share of other comprehensive income of associates and joint ventures	11	(1,355,852)	-
Other comprehensive income (loss) for the period, net of tax		83,709,074,238	(61,080,236,410)
Total comprehensive income for the period		₩ 237,460,728,276	₩ 149,795,814,460
Total comprehensive income for the period is attributable to:			
Owners of the Parent Company		216,388,378,439	161,471,654,897
Non-controlling interests		21,072,349,837	(11,675,840,437)
Earnings (losses) per share from continuing and discontinued operations attributable to the equity holders of the Parent Company			
Basic earnings (losses) per share			
From continuing operations	₩	5,617	₩ 7,219
From discontinued operations		26	(86)
Diluted earnings (losses) per share			
From continuing operations	₩	5,617	₩ 7,169
From discontinued operations		26	(86)

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

NAVER Corporation and Subsidiaries
Consolidated Interim Statements of Changes in Equity
Three-Month Periods Ended March 31, 2018 and 2017

		Attributable to owners of the parent company						
(in Korean won)	Notes	Share Capital	Share Premium	Other Components of Equity	Retained Earnings	Non-controlling Interest	Total Equity	
Balance at January 1, 2017		₩ 16,481,339,500	₩ 1,217,201,126,674	₩ (1,449,123,370,169)	₩ 3,810,189,403,596	₩ 534,850,363,339	₩ 4,129,598,862,940	
Total comprehensive income for the period								
Profit for the period		-	-	-	205,482,542,752	5,393,508,118	210,876,050,870	
Changes in the fair value of available-for-sale financial assets		-	-	1,067,700,732	-	951,287,466	2,018,988,198	
Exchange differences		-	-	(38,839,433,854)	-	(16,690,558,028)	(55,529,991,882)	
Share of other comprehensive income of associates and joint ventures	11	-	-	(6,239,154,733)	-	(1,330,077,993)	(7,569,232,726)	
Transactions with owners								
Dividends	18	-	-	-	(32,581,184,103)	-	(32,581,184,103)	
Share-based payment expenses		-	-	-	-	7,617,051,469	7,617,051,469	
Changes in ownership interest in subsidiaries that do not result in loss of control								
Share issuance of subsidiaries		-	17,021,453,516	(372,372,558)	-	(1,160,890,325)	15,488,190,633	
Balance at March 31, 2017 (Unaudited)		₩ 16,481,339,500	₩ 1,234,222,580,190	₩ (1,493,506,630,582)	₩ 3,983,090,762,245	₩ 529,630,684,046	₩ 4,269,918,735,399	
Balance at January 1, 2018		₩ 16,481,339,500	₩ 1,507,878,510,842	₩ (1,317,531,622,681)	₩ 4,555,517,868,323	₩ 542,840,138,965	₩ 5,305,186,234,949	
Changes in accounting policies	23	-	-	(64,788,048,920)	55,366,825,496	-	(9,421,223,424)	
Restated total equity at the beginning of the financial year		16,481,339,500	1,507,878,510,842	(1,382,319,671,601)	4,610,884,693,819	542,840,138,965	5,295,765,011,525	
Total comprehensive income for the period								
Profit for the period		-	-	-	165,223,389,650	(11,471,735,612)	153,751,654,038	
Gain on valuation of debt instruments at fair value - other comprehensive income		-	-	816,964,114	-	-	816,964,114	
Gain on valuation of equity instruments at fair value - other comprehensive income		-	-	8,369,738,858	-	(1,902,338,279)	6,467,400,579	
Exchange differences		-	-	35,147,126,063	-	31,889,120,156	67,036,246,219	
Share of other comprehensive income of associates and joint ventures	11	-	-	6,832,515,606	(1,355,852)	2,557,303,572	9,388,463,326	
Transactions with owners								
Dividends	18	-	-	-	(42,469,708,296)	-	(42,469,708,296)	
Share-based payment expenses		-	-	-	-	5,989,543,360	5,989,543,360	
Acquisition of treasury shares	15	-	-	(124,458,933,570)	-	-	(124,458,933,570)	
Changes in ownership interest in subsidiaries that do not result in loss of control								
Business combination	21	-	-	-	-	(667,829,988)	(667,829,988)	
Share issuance of subsidiaries		-	5,489,254,402	113,135,036	-	634,365,870	6,236,755,308	
Balance at March 31, 2018 (Unaudited)		₩ 16,481,339,500	₩ 1,513,367,765,244	₩ (1,455,499,125,494)	₩ 4,733,637,019,321	₩ 569,868,568,044	₩ 5,377,855,566,615	

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

NAVER Corporation and Subsidiaries
Consolidated Interim Statements of Cash Flows
Three-Month Periods Ended March 31, 2018 and 2017

(in Korean won)	Notes	Three-Month Period Ended March 31	
		2018 (Unaudited)	2017 (Unaudited)
Cash flows from operating activities			
Cash generated from operations	₩	312,383,351,968	₩ 163,813,530,017
Interest received		8,342,156,032	7,885,432,162
Interest paid		(2,673,827,535)	(1,113,764,186)
Dividends received		3,092,458,628	1,896,523,692
Income taxes paid		(27,626,957,086)	(60,841,896,820)
Net cash inflow from operating activities		293,517,182,007	111,639,824,865
Cash flows from investing activities			
Net decrease in short-term financial instruments		240,706,277,012	199,000,000,000
Increase in long-term financial instruments		-	(25,000,000,000)
Decrease in long-term financial instruments		843,728,206	10,000,000,000
Net increase in financial assets at fair value through profit or loss		-	(15,633,602,015)
Net decrease in financial assets at fair value - profit or loss		14,548,387,378	-
Payments for property and equipment		(115,401,320,734)	(69,489,458,404)
Proceeds from disposal of property and equipment		995,307,907	1,259,693,487
Payments for intangible assets		(5,556,936,659)	(1,223,918,453)
Payments for available-for-sale financial assets		-	(24,813,900,260)
Proceeds from disposal of available-for-sale financial assets		-	15,990,687,677
Payments for financial assets at fair value - other comprehensive income		(88,795,753,894)	-
Proceeds from disposal of financial assets at fair value - other comprehensive income		10,815,000,000	-
Payments for investments in associates		(294,320,946,682)	(10,940,920,775)
Increase (decrease) in cash due to business combination		635,854,920	(13,653,600,430)
Proceeds from disposal of subsidiaries		(1,956,566,064)	-
Cash inflows (outflows) from other investing activities		(2,852,423,689)	10,156,685,361
Net cash inflow (outflow) from investing activities		(240,339,392,299)	75,651,666,188
Cash flows from financing activities			
Proceeds from short-term borrowings		52,933,296,385	-
Repayment of short-term borrowings		(658,770,314)	(10,732,089,776)
Proceeds from long-term borrowings		50,973,796,988	-
Acquisition of treasury shares		(124,458,933,570)	-
Share issuance of subsidiaries		5,958,244,016	10,487,144,295
Cash outflows from other financing activities		(9,325,611)	(4,675,202,613)
Net cash outflow from financing activities		(15,261,692,106)	(4,920,148,094)
Effects of exchange rate changes on cash and cash equivalents		60,583,659,590	(54,534,447,094)
Net increase in cash and cash equivalents		98,499,757,192	127,836,895,865
Cash and cash equivalents at the beginning of the period		1,907,575,060,667	1,726,231,781,291
Cash and cash equivalents at the end of the period	₩	2,006,074,817,859	₩ 1,854,068,677,156

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

NAVER Corporation and Subsidiaries

Notes to the Consolidated Interim Financial Statements

March 31, 2018 and 2017 (Unaudited), and December 31, 2017

1. General Information

NAVER Corporation (the “Company”) was established on June 2, 1999 under the Commercial Code of the Republic of Korea to provide online search portal services. The Company’s headquarter is located at Buljeong-ro 6, Bundang-gu, Seongnam-si, Gyeonggi-do, Korea.

On October 29, 2002, the Company listed its shares on the Korean Securities Dealers’ Automated Quotations market. On November 28, 2008, the Company transferred its share listing to the Korea Composite Stock Price Index market. As at March 31, 2018, the major shareholders of the Company consist of National Pension Fund (10.83%) and others.

The Company and its subsidiaries (collectively the “Group”) engage in providing online search portal and mobile messenger platform services.

1.1 Consolidated Subsidiaries

Details of the consolidated subsidiaries as at March 31, 2018 and December 31, 2017 are as follows:

Largest shareholder	Subsidiaries	Location	Primary business	Ownership interest held by the Group (%)		Closing month
				March 31, 2018	December 31, 2017	
NAVER	NAVER Business Platform	Korea	Online information distribution business	100.00	100.00	December
	NAVER I&S	Korea	Business support, workforce supply, employee dispatch, and software development	100.00	100.00	December
	LINE ¹	Japan	Mobile service development	73.59	73.68	December
	NAVER China	China	Software development and distribution	100.00	100.00	December
	Search Solution	Korea	Software development and distribution	100.00	100.00	December
	N-Visions	Korea	Exhibition and performance planning business	100.00	100.00	December
	Works Mobile	Korea	Applied software development and distribution	100.00	100.00	December
	WAV Media	USA	Mobile service development	100.00	100.00	December
	SNOW ²	Korea	Software development and distribution	100.00	100.00	December
	SB Next Media Innovation Fund	Korea	Investment	92.50	92.50	December
	NAVER Labs	Korea	Information services and manufacturing electrical equipment	100.00	100.00	December
	NAVER Webtoon	Korea	Software development and distribution	100.00	100.00	December
	Naver France	France	Investment and information services	100.00	100.00	December
	Company AI ³	Korea	Software development and distribution	39.10	39.10	December
	NAVER-KTB Audio Contents Fund	Korea	Investment	99.00	99.00	December
	SpringCamp Early Stage Fund ^{1 2}	Korea	Investment	100.00	100.00	December

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

Largest shareholder	Subsidiaries	Location	Primary business	Ownership interest held by the Group (%)		Closing month
				March 31, 2018	December 31, 2017	
NAVER	Gogolook	Taiwan	Mobile service development	69.13	69.13	December
	Camp Mobile	USA	Mobile service operations	100.00	100.00	December
NAVER Business Platform	NAVER Business Platform Asia Pacific	Singapore	IT infrastructure operations	100.00	100.00	December
	NAVER Business Platform America	USA	IT infrastructure operations	100.00	100.00	December
	NAVER Business Platform Europe	Germany	IT infrastructure operations	100.00	100.00	December
	NAVER Business Platform Japan	Japan	IT infrastructure operations	100.00	100.00	December
	NAVER I&S					
	Incomms	Korea	Other contract services	100.00	100.00	December
	Greenweb Service	Korea	Other contract services	100.00	100.00	December
	N Tech Service (formerly, NHN Technology Service)	Korea	Software consulting, development and distribution	100.00	100.00	December
	NIT Service	Korea	Software development and consulting	100.00	100.00	December
	CommPartners	Korea	Portal and other Internet services, call center and telemarketing services	100.00	100.00	December
LINE Plus ²	LINE Play	Korea	Software development	100.00	100.00	December
	LINE Euro-Americas	USA	Mobile service marketing	100.00	100.00	December
	LINE Taiwan	Taiwan	Mobile service operations	100.00	100.00	December
	LINE Company (Thailand)	Thailand	Mobile service operations	99.95	99.95	December
	LINE Digital Technology (Shanghai)	China	Mobile service marketing	100.00	100.00	December
	LINE Vietnam	Vietnam	Mobile service operations	100.00	100.00	December
	PT.LINE PLUS INDONESIA	Indonesia	Mobile service operations	99.99	99.99	December
	LINE Up	Korea	Mobile game software development and distribution	100.00	100.00	December
	LINE Studio	Korea	Mobile game software development and distribution	100.00	100.00	December
	Nemustech	Korea	Software development	88.57	88.57	December
	Unblock (formerly, Bapul)	Korea	Software development and distribution	53.69	53.69	December
	Drama & Company	Korea	Software development and distribution	74.31	74.31	December
	Works Mobile					
	Works Mobile Japan	Japan	Mobile service operations	100.00	100.00	December
NAVER Webtoon	WEBTOON Entertainment	USA	Mobile service development	100.00	100.00	December
	Watong Entertainment	Hong Kong	Mobile service operations	100.00	100.00	December
	Lico	Korea	Online information distribution business	100.00	100.00	December
Watong Entertainment	Broccoli Entertainment	China	Mobile service operations	100.00	100.00	December
NAVER Labs	Epipolar	Korea	Software development and distribution	100.00	100.00	December
WAV Media	WAV Recordings	USA	Mobile service development	100.00	-	December
LINE ²	LINE Plus	Korea	Portal and Internet services	100.00	100.00	December
	LINE Fukuoka	Japan	Mobile service operations	100.00	100.00	December
	LINE SOUTHEAST ASIA (formerly, LINE Biz+)	Singapore	Mobile payment system planning and development	100.00	100.00	December
	LINE Book Distribution	Japan	Mobile service development	52.00	52.00	December
	LINE Ventures	Japan	Investment	100.00	100.00	December
	LINE C&I	Korea	Investment and Mergers & Acquisitions	100.00	100.00	December

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

Largest shareholder	Subsidiaries	Location	Primary business	Ownership interest held by the Group (%)		Closing month
				March 31, 2018	December 31, 2017	
LINE ²	LINE Game Global Gateway	Japan	Investment	100.00	100.00	December
	MIXRADIO	UK	Mobile service development	100.00	100.00	December
	LINE Friends	Korea	Character and doll wholesale and retail	100.00	100.00	December
	LINE Life Global Gateway	Japan	Investment	100.00	100.00	December
	LINE Game Investment Fund (formerly, LINE-NAVER Game Investment Fund)	Korea	Investment	100.00	100.00	December
	LINE Mobile	Japan	Telecommunications service	100.00	100.00	December
	M.T. Burn	Japan	Mobile advertising service business	50.49	50.49	December
	Gatebox (formerly, Vinclu)	Japan	Mobile service development	51.00	51.00	December
	LINE Games	Korea	Software development and distribution	100.00	100.00	December
	LINE Friends Japan	Japan	Character and doll wholesale and retail	100.00	100.00	December
	LINE TICKET	Japan	Internet information services	51.00	51.00	December
	Next Library	Japan	Internet information services	100.00	100.00	December
	FIVE	Japan	Mobile advertising service	100.00	100.00	December
	LFG HOLDINGS	Hong kong	Character and doll wholesale and retail	100.00	100.00	December
	LINE Pay	Japan	Mobile payment system planning and development	100.00	100.00	December
	Line Biz+ Taiwan	Taiwan	Mobile payment system planning and development	100.00	100.00	December
	LINE Financial	Japan	Financial business	100.00	-	December
LINE Taiwan ²	SHINEWANT TECHNOLOGY	Taiwan	Internet information services	100.00	100.00	December
LINE SOUTHEAST ASIA (formerly, LINE Biz+) ²	Tre Tho Information Service Joint Stock Company (Webtretho)	Vietnam	Online information distribution business	72.60	72.60	December
SHINEWANT TECHNOLOGY ²	Silent Illumination	Taiwan	Software development and distribution	100.00	100.00	December
LINE Pay ²	Webpay Holdings	Japan	Mobile payment system planning and development	100.00	100.00	December
	Line Biz Plus	Korea	Software development and distribution	100.00	100.00	December
	BALIE	Japan	Searching advertising service business	60.00	60.00	December
Webpay Holdings ²	Webpay	Japan	Mobile payment system planning and development	100.00	100.00	December
Snow ²	SNOW China	Hong Kong	Mobile service operations	100.00	100.00	December
	SNOW Japan	Japan	Mobile service operations	100.00	100.00	December
	SNOW China (Beijing)	China	Mobile service operations	100.00	100.00	December
	SNOW Inc.	USA	Mobile service operations	100.00	100.00	December
	Spring Camp	Korea	Investment	100.00	100.00	December
Snow ²	Playlist	Korea	Information and communication service	100.00	100.00	December

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

Largest shareholder	Subsidiaries	Location	Primary business	Ownership interest held by the Group (%)		Closing month
				March 31, 2018	December 31, 2017	
Snow ²	Amuse	Korea	Cosmetics manufacturing, distribution and sales	100.00	100.00	December
LINE Friends ²	LINE Friends Inc.	USA	Character and doll wholesale and retail	100.00	100.00	December
	LINE Friends(Shanghai) Commercial Trade Markt	China	Character and doll wholesale and retail	100.00	100.00	December
		Korea	Software development and wholesale and retail	51.00	51.00	December
LINE Digital Technology (Shanghai) ²	Beijing Wangzhongwenda Technology	China	Mobile service operations	100.00	100.00	December
LINE Games ²	NextFloor	Korea	Software development and distribution	51.00	51.00	December
	Pig	Korea	Software development and distribution	100.00	100.00	December
	Stairs	Japan	Software development and distribution	100.00	100.00	December
NextFloor ²	Msquared Managerment	U.S.A	Software development and distribution	100.00	100.00	December
	Next Floor Basement Lab	Korea	Software development and distribution	100.00	100.00	December
	Studio 4LEAF	Korea	Software development and distribution	60.00	60.00	December
	InnoAG	Korea	Software development and distribution	50.72	50.72	December
	Oozoo	Korea	Software development and distribution	53.49	44.53	December
Msquared Managerment ²	Mobil Factory	China	Software development and distribution	100.00	100.00	December
LINE Financial ²	LINE Financial Plus	Korea	Financial business	100.00	-	December
	LVC	Japan	Financial business	100.00	-	December
Others	Others	-	Mobile service operation	100.00	100.00	December

¹ The ownership of the Group decreased due to issuance of shares for stock option.

² Ownership interest held by the Group includes ownership percentage of subsidiaries.

³ Although the Group owns less than 50% ownership of Company AI, the Group is considered to have control over the entity because the Group has a right to appoint all of its BOD members under arrangements with other shareholders.

NAVER Corporation and Subsidiaries

Notes to the Consolidated Interim Financial Statements

March 31, 2018 and 2017 (Unaudited), and December 31, 2017

1.2 Changes in Scope of Consolidation

Subsidiaries newly included in the consolidation for the three-month period ended March 31, 2018, are as follows:

Reason	Subsidiaries
Newly establishment	LINE Financial, LINE Financial Plus, LVC, WAV Recordings
Newly acquired	Oozoo

Subsidiaries excluded from the consolidation for the three-month period ended March 31, 2018, are as follows:

Reason	Subsidiaries
Disposal	Iconnect
Liquidation	Entry Labs
Merger ¹	Camp Mobile

¹ For the three-month period ended March 31, 2018, Camp Mobile was merged with the Company.

2. Significant Accounting Policies

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

2.1 Basis of Preparation

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

The Group's consolidated interim financial statements for the three-month period ended March 31, 2018, have been prepared in accordance with Korean IFRS 1034 *Interim Financial Reporting*. These consolidated interim financial statements have been prepared in accordance with Korean IFRS which is effective as at March 31, 2018.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

(a) New and amended standards and interpretations adopted by the Group

The Group has applied the following new and amended standards and interpretations for the first time for their annual reporting period commencing January 1, 2018.

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

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

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

Paragraph 57 of Korean IFRS 1040 clarifies that a transfer to, or from, investment property, including property under construction, can only be made if there has been a change in use that is supported by evidence, and provides a list of circumstances as examples. The amendment will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The amendment does not have a significant impact on the financial statements.

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

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

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

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

- Enactment of Korean IFRS 1109 *Financial Instruments*

The Group has applied Korean IFRS 1109 *Financial Instruments* on January 1, 2018, the date of initial application. In accordance with the transitional provisions in Korean IFRS 1109, comparative figures have not been restated, and the differences between previous book amounts and book amounts at the date of initial application are recognized to equity. See Note 23 for further details on the impact of the application of the standard.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

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

The Group applied Korean IFRS 1115 Revenue from Contracts with Customers. In accordance with the transition provisions in Korean IFRS 1115, comparative figures have not been restated and the cumulative impact of initially application has been recognized as an adjustment to equity as at January 1, 2018. See Note 23 for further details on the impact of the application of the standard.

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

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

- Korean IFRS 1116 *Leases*

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

Under the new standard, with implementation of a single lease model, lessee is required to recognize assets and liabilities for all lease which lease term is 12 months or more and underlying assets are not low value assets. A lessee is required to recognize a right-of-use asset and a lease liability representing its obligation to make lease payments.

The Group is analyzing the effects on the financial effects based on available information as at March 31, 2018 to identify potential financial effects of applying Korean IFRS 1116; however, it is difficult to provide reasonable estimates of financial effects until the analysis is complete.

2.2 Significant Accounting Policies

Significant accounting policies and methods used in the preparation of the consolidated interim financial statements are consistent with those of the consolidated financial statements for the year ended December 31, 2017, except for the changes due to the application of amendment and enactments of standards described in Note 2.1 (a) and the one described below.

2.2.1 Income Tax Expense

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

The Group is implementing a consolidated tax payment scheme which presumes the Parent Company and its subsidiaries in Korea are one taxpayer. The Group calculated estimated average annual tax rate considering the consolidated tax payment scheme.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

2.2.2 Financial Assets

(a) Classification

From January 1, 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. Changes in fair value of the investments in equity instruments that are not accounted for as other comprehensive income are recognized in profit or loss.

(b) Measurement

At initial recognition, the Group measures a financial asset, in the case of a financial asset not at fair value through profit or loss, at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset or the issuance of the financial liabilities. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Hybrid (combined) contracts with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into one of the following three measurement categories:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (and reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'finance income and finance costs' and impairment loss in 'finance costs'.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of profit or loss within 'finance income and finance costs' in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as 'finance income' when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'finance income and finance costs' in the statement of profit or loss as applicable. Impairment loss (and reversal of impairment loss) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

(c) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and other receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables. (Note 4 provides more detail of how the Group determines there has been a significant increase in credit risk.)

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

2.2.3 Revenue Recognition

From January 1, 2018, the Group has applied Korean IFRS 1115 *Revenue from Contracts with Customers*. The Group engages in providing internet search portal services. The Group's operating revenues are mainly comprised of the advertisement, business platform, IT platform and contents services.

a) Allocating the transaction price

The transaction price in an arrangement must be allocated to each separate performance obligation based on the relative standalone selling prices of the goods or services being provided to a customer. The Group determines the standalone selling price for each separate performance obligation by using observable standalone selling price.

b) A performance obligation is satisfied over time

The Group recognizes certain contents (Sticker) revenue based on a straight-line method over the estimated usage period of the users.

3. Critical Accounting Estimates and Assumptions

The preparation of financial statements requires the Group to make estimates and assumptions concerning the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates maybe different from the actual results.

Significant accounting estimates and assumptions applied in the preparation of these consolidated interim financial statements are the same as those of the year ended December 31, 2017, except for the estimates used to determine income tax expense, accounting estimates and assumptions for implementation of Korean IFRS 1109 and changes in useful lives of machinery explained as below.

(a) Impairment of financial assets

The provision for impairment for financial assets disclosed in Note 4 are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's past history, existing market conditions as well as forward looking estimates at the end of reporting period.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

(b) Changes in useful lives of machinery

The Group has changed the useful lives of certain machinery from 3 years to 4 years since 2018. The impacts due to the change on current year and subsequent fiscal years are as follows:

<i>(in thousands of Korean won)</i>	Three-month period ended March 31, 2018	2018	2019	2020	2021
Depreciation of machinery before change	₩ 27,447,605	₩ 102,582,910	₩ 83,597,808	₩ 36,274,402	₩ -
Depreciation of machinery after change	17,470,499	69,866,864	67,759,081	58,485,301	26,343,804
Increase (decrease) in profit before income tax	9,977,106	32,716,046	15,838,727	(22,210,899)	(26,343,804)

4. Financial Risk Management

4.1 Credit Risk

The Group is exposed to credit risk if counterparties fail to make payments as they fall due in respect of:

- trade receivables and other receivables carried at amortized cost
- contractual cash flows of debt investments carried at amortized cost and
- contractual cash flows of debt investments carried at fair value through other comprehensive income.

(a) Trade receivables and other receivables

The Group applies the simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables and other receivables. To measure the expected credit losses, trade receivables and other receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at March 31, 2018, is determined as follows:

<i>(in thousands of Korean won)</i>	March 31, 2018			
	Less than 6 months past due and within due	More than 6 months past due	More than 1 year past due	Total
Expected loss rate	0.21%	31.66%	94.87%	1.32%
Gross carrying amount	₩ 1,019,976,163	₩ 3,952,550	₩ 10,792,331	₩ 1,034,721,044
Loss allowance provision	₩ 2,116,870	₩ 1,251,557	₩ 10,238,721	₩ 13,607,149

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

Movements in the loss allowance provision for trade receivables and other receivables for the three-month period ended March 31, 2018 and 2017, are as follows:

<i>(in thousands of Korean won)</i>	2018	2017¹
Beginning balance - Korean IFRS 1039	₩ 12,574,578	₩ 17,649,536
Amounts restated through beginning balance of retained earnings (Note 23)	349,164	-
Loss allowance as at initial application date - calculated under Korean IFRS 1109	12,923,742	-
Increase in loss allowance recognized in profit or loss during the period (Unused amount reversed)	596,261	(2,350,787)
Receivables written off during the period as uncollectible	(423)	(488)
Other changes	87,569	(229,266)
Ending balance (the amount as at March 31, 2017 - calculated under Korean IFRS 1039)	₩ 13,607,149	₩ 15,068,995

¹ As at March 31, 2018, the gross carrying amount of trade receivables and other receivables, reflecting the maximum exposure to credit risk, is ₩ 608,074 million (December 31, 2017: ₩ 626,371 million) and ₩ 426,647 million (December 31, 2017: ₩ 400,313 million), respectively.

The amounts recognized in profit or loss within 'operating expenses' in relation to impaired receivables for the three-month periods ended March 31, 2018 and 2017, are as follows:

<i>(in thousands of Korean won)</i>	2018	2017¹
Impairment loss		
- Individual receivables written off directly	₩ -	₩ -
- Movement in loss allowance	596,261	(2,350,787)

¹ In the prior period, the impairment of trade receivables and other receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was an objective evidence that an impairment had been incurred but not yet been identified. For these receivables, the estimated impairment losses were recognized in a separate provision for impairment. The Group considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties for of the debtor and
- prolonged delinquency in interest or principal payments.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

(b) Other financial assets at amortized cost

Other financial assets at amortized cost include long and short-term financial instruments like corporate bonds and commercial papers, and other receivables. Movements in loss allowance provision for other financial assets at amortized cost for the three-month period ended March 31, 2018, are as follows:

<i>(in thousands of Korean won)</i>		2018
Beginning balance - Korean IFRS 1039	₩	287,604
Amounts restated through beginning balance of retained earnings (Note 23)		313,504
Loss allowance as at initial application date - calculated under Korean IFRS 1109		601,108
Increase in loss allowance recognized in profit or loss during the period (Unused amount reversed)		(122,328)
Ending balance	₩	478,780

All of these financial assets are considered to have low credit risk, and thus the loss allowance provision recognized was limited to 12 months expected losses during the period. The Group considers to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

(c) Debt instruments at fair value - other comprehensive income

Debt instruments at fair value - other comprehensive income are corporate bonds. The loss allowance provision for debt instruments at fair value - other comprehensive income is recognized in profit or loss and reduces the fair value loss otherwise recognized in other comprehensive income. Movements in loss allowance provision for debt instruments at fair value - other comprehensive income for the three-month period ended March 31, 2018, are as follows:

<i>(in thousands of Korean won)</i>		2018
Beginning balance - Korean IFRS 1039	₩	-
Amounts restated through beginning balance of retained earnings (Note 23)		354,493
Loss allowance as at initial application date - calculated under Korean IFRS 1109		354,493
Increase in loss allowance recognized in profit or loss during the period (Unused amount reversed)		13,315
Ending balance	₩	367,808

All of these financial assets are considered to have low credit risk, and thus the loss allowance provision recognized was limited to 12 months expected losses during the period. The Group considers to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

5. Fair Value

There are no significant changes in the business and economic environments that affect the fair value of financial assets and liabilities of the Group for the three-month period ended March 31, 2018.

5.1 Financial Instruments Measured at Fair Value

Details of financial instruments measured at fair value as at March 31, 2018 and December 31, 2017, are as follows:

(in thousands of Korean won)

	March 31, 2018		December 31, 2017	
	Book amount	Fair value	Book amount	Fair value
Financial assets				
Financial assets at fair value through profit or loss	₩ -	₩ -	₩ 313,683,892	₩ 313,683,892
Financial assets at fair value - profit or loss	925,548,584	925,548,584	-	-
Available-for-sale financial assets ¹	-	-	1,013,113,446	1,013,113,446
Financial assets at fair value - other comprehensive income	796,023,967	796,023,967	-	-
	<u>₩ 1,721,572,551</u>	<u>₩ 1,721,572,551</u>	<u>₩ 1,326,797,338</u>	<u>₩ 1,326,797,338</u>
Financial liabilities				
Financial liabilities at fair value through profit or loss	<u>₩ 4,612,517</u>	<u>₩ 4,612,517</u>	<u>₩ 4,638,541</u>	<u>₩ 4,638,541</u>

¹ Available-for-sale financial instruments that do not have a quoted price in an active market are measured at cost because their fair value cannot be measured reliably and excluded from the fair value disclosures.

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

5.2 Fair Value Hierarchy

Financial instruments that are measured at fair value are categorized by the fair value hierarchy, and the defined levels are as follows:

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

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

Fair value hierarchy classifications of the financial instruments that are measured at fair value as at March 31, 2018 and December 31, 2017, are as follows:

(in thousands of Korean won)

		March 31, 2018			
		Level 1	Level 2	Level 3	Total
Recurring fair value measurements					
Financial assets					
Financial assets at fair value - profit or loss	₩	104,990,050	₩ 116,248,828	₩ 704,309,706	₩ 925,548,584
Debt instruments at fair value - other comprehensive income		-	170,009,754	-	170,009,754
Equity instruments at fair value - other comprehensive income		503,886,692	-	122,127,521	626,014,213
Financial liabilities					
Financial liabilities at fair value through profit or loss	₩	-	₩ -	₩ 4,612,517	₩ 4,612,517

(in thousands of Korean won)

		December 31, 2017			
		Level 1	Level 2	Level 3	Total
Recurring fair value measurements					
Financial assets					
Financial assets at fair value through profit or loss	₩	95,405,587	₩ 46,465,466	₩ 171,812,839	₩ 313,683,892
Available-for-sale financial assets		498,402,007	152,682,848	362,028,591	1,013,113,446
Financial liabilities					
Financial liabilities at fair value through profit or loss	₩	-	₩ -	₩ 4,638,541	₩ 4,638,541

5.3 Transfers Between Fair Value Hierarchy Levels of Recurring Fair Value Measurements

The Group recognizes transfers between levels of the fair value at the end of the reporting period. There were no transfers between Level 1 and Level 2 for recurring fair value measurements during the three-month periods ended March 31, 2018 and 2017.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

Changes in level 3 for recurring fair value measurements for the three-month periods ended March 31, 2018 and 2017, are as follows:

(in thousands of Korean won)

	2018	
	Financial assets at fair value - profit or loss	Financial assets at fair value - other comprehensive income
Beginning balance ¹	₩ 171,812,839	₩ 362,028,591
Effect of changes in accounting policies	544,553,205	(266,233,858)
Beginning balance (After adjustments)	716,366,044	95,794,733
Total profit or loss		
Amount recognized in profit or loss	6,900,393	-
Amount recognized in other comprehensive income	-	3,880,150
Purchase	62,714,340	20,871,732
Sales	(82,941,237)	-
Exchange differences	1,270,166	1,580,906
Ending balance	₩ 704,309,706	₩ 122,127,521

¹As at December 31, 2017, they were disclosed as financial assets at fair value through profit or loss and available-for-sale financial assets.

(in thousands of Korean won)

	2017	
	Financial assets at fair value through profit or loss	Available-for-sale financial assets
Beginning balance	₩ 281,547,502	₩ 122,742,466
Total profit or loss		
Amount recognized in profit or loss	2,234,524	-
Amount recognized in other comprehensive income	-	3,240,573
Purchase	50,000,000	4,926,300
Sales	(40,892,310)	-
Transfer into level 3 ¹	-	14,515,340
Exchange differences	-	(1,776,560)
Ending balance	₩ 292,889,716	₩ 143,648,119

¹ During the three-month period ended March 31, 2017, the Group reclassified debt instruments that are measured based on unobservable inputs as level 3.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

5.4 Valuation Techniques and the Inputs

Valuation techniques and inputs used in the recurring fair value measurements categorized in Levels 2 and Level 3 of the fair value hierarchy as at March 31, 2018 and December 31, 2017, are as follows:

(in thousands of
Korean won)

(in thousands of Korean won)		March 31, 2018					
		Fair value	Level	Valuation techniques	Major Inputs	Unobservable inputs	Range of unobservable inputs
Financial assets at fair value - profit or loss							
Securities linked derivatives	₩	111,317,691	3	Black Scholes Model, Hull-White Model, Monte Carlo Simulation, Gaussian 1-factor model, Garman-Kohlhagen model and others	Price of the underlying assets, Dividend rate, Volatility of the underlying assets, Correlation between the underlying assets (rates of return on shares), Interest rate, CDS SPREAD, Recovery rate, Discount rate	Volatility of the underlying assets Correlation coefficient CDS SPREAD Discount rate Recovery rate	8.35% ~ 10.20% 0 ~ 1 0.07% ~ 0.38% 1.59% ~ 2.70% 40.00%
Compound financial instruments		391,785,711	3	Option pricing model, Black Scholes Model, Market approach, Discounted Cash Flow Model	Price of the underlying assets, Volatility of the underlying assets, Discount rate, Revenue Multiple	Volatility of the underlying assets Discount rate Revenue Multiple	25.51% ~ 46.00% 2.34% ~ 12.90% 1.95 ~ 14.55
Beneficiary certificates and Funds		201,206,304	3	Market approach	EBITDA Multiple, Revenue Multiple	EBITDA Multiple Revenue Multiple	4.84 ~ 31.10 2.20 ~ 7.50
Debt securities		87,599,864	2	Present value method	Adjusted discount rate considering credit risk	-	-
Derivatives		3,394,467	2	Present value method	Forward rate	-	-
Beneficiary certificates and Funds		25,254,497	2	-	Quoted price of the underlying assets	-	-
Debt instruments at fair value - other comprehensive income							
Debt securities		170,009,754	2	Present value method	Adjusted discount rate considering credit risk	-	-
Equity instruments at fair value - other comprehensive income							
Equity securities		122,127,521	3	Market approach	EBITDA Multiple, Revenue Multiple	EBITDA Multiple Revenue Multiple	3.11 ~ 15.73 3.30 ~ 7.92
Financial liabilities at fair value through profit or loss							
Derivatives		4,612,517	3	Option pricing model, Binomial distribution model, Monte Carlo Simulation	Price of the underlying assets, Volatility of the underlying assets, Discount rate	Volatility of the underlying assets Discount rate	9.20% ~ 45.00% 2.47% ~ 4.26%

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

(in thousands of
Korean won)

December 31, 2017

			Fair value	Level	Valuation techniques	Major Inputs	Unobservable inputs	Range of unobservable inputs
Financial assets at fair value through profit or loss								
Derivatives securities	linked W		132,341,738	3	Black Scholes Model, Hull-White Model, Monte Carlo Simulation, Gaussian 1-factor model, Garman-Kohlhagen model and others	Price of the underlying assets, Dividend rate, Volatility of the underlying assets, Correlation between the underlying assets (rates of return on shares), Interest rate, CDS SPREAD, Recovery rate, Discount rate	Volatility of the underlying assets Correlation coefficient CDS SPREAD Discount rate Recovery rate	9.2% ~ 10.45% 0 ~ 1 0.10% ~ 0.47% 1.66% ~ 2.41% 40.00%
Debt securities			43,474,930	2	Present value method	Adjusted discount rate considering credit risk	-	-
Derivatives			2,990,536	2	Present value method	Forward rate	-	-
Derivatives			39,471,102	3	Option pricing model	Price of the underlying assets, Credit risk adjusted discount rate, Volatility of the underlying assets	Volatility of the underlying assets Discount rate	25.51% ~ 46.00% 2.34% ~ 2.37%
Available-for-sale financial assets								
Beneficiary certificates			26,353,363	2	-	Quoted price of the underlying assets	-	-
Beneficiary certificates			22,990,070	3	Market approach	EBITDA Multiple Revenue Multiple Liquidity discount rate	EBITDA Multiple Revenue Multiple Liquidity discount rate	31.10 2.20 11.50%
Debt securities			126,329,485	2	Present value method	Adjusted discount rate considering credit risk	-	-
Debt securities			4,036,614	3	Present value method	Adjusted discount rate considering credit risk	Discount rate	2.21%
Equity securities			335,001,907	3	Market approach, Discount Cash Flow model	EBITDA Multiple Revenue Multiple Discount rate	EBITDA Multiple Revenue Multiple Discount rate	3.11 ~ 19.32 2.25 ~ 6.16 9.60% ~ 13.00%
Financial liabilities at fair value through profit or loss								
Derivatives			4,638,541	3	Option pricing model, Binomial distribution model, Monte Carlo Simulation	Price of the underlying assets, Volatility of the underlying assets, Discount rate	Volatility of the underlying assets Discount rate	9.20% ~ 45.00% 2.47% ~ 4.26%

5.5 Valuation Processes for Fair Value Measurements Categorized Within Level 3

The Group operates a separate team that performs the fair value measurements required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO), and discusses the valuation process and results with the CFO at least once every quarter in line with the Group's quarterly reporting schedule.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

6. Financial Assets

6.1 Financial Assets at Fair Value - Profit or Loss

As explained in Note 2, the Group has applied Korean IFRS 1109 *Financial Instruments* from January 1, 2018. See Note 23 for the impacts of changes in accounting policies on the classification of financial assets and the financial statements.

(a) Financial assets at fair value - profit or loss

<i>(in thousands of Korean won)</i>	March 31, 2018		December 31, 2017 ¹	
Non-current				
Compound financial instruments	₩	162,796,875	₩	166,981,067
Beneficiary certificates and Funds		203,432,032		181,637,138
Debt securities		58,066,469		59,648,894
		<u>424,295,376</u>		<u>408,267,099</u>
Current				
Securities linked derivatives		111,317,691		122,468,437
Compound financial instruments		228,988,836		240,706,684
Beneficiary certificates and Funds		23,028,770		23,723,517
Debt securities		29,533,395		28,401,255
Equity securities		104,990,050		122,241,647
Derivatives		3,394,467		2,990,536
		<u>501,253,209</u>		<u>540,532,076</u>
	₩	925,548,585	₩	948,799,175

¹ The amounts are after reflecting the impacts of changes in accounting policies (Note 23)

(b) Amounts recognized in profit or loss

Amounts recognized in profit or loss for the three-month period ended March 31, 2018, are as follows:

<i>(in thousands of Korean won)</i>	2018	
Securities linked derivatives	₩	(940,746)
Compound financial instruments		11,499,796
Beneficiary certificates and Funds		(4,044,530)
Others		(1,800,180)
	₩	<u>4,714,340</u>

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

6.2 Financial Assets at Fair Value - Other Comprehensive Income

(a) Equity instruments at fair value through other comprehensive income

Equity instruments at fair value through other comprehensive income comprise the following individual investments:

<i>(in thousands of Korean won)</i>	March 31, 2018		December 31, 2017 ¹	
Non-current				
Listed equity securities	₩	503,886,692	₩	498,402,008
Unlisted equity securities		122,127,521		78,677,512
	₩	<u>626,014,213</u>	₩	<u>577,079,520</u>

¹ As at December 31, 2017, the Group classified above equity instruments as available-for-sale. The amounts are after reflecting the impacts of changes in accounting policies (Note 23).

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

(b) Debt instruments at fair value - other comprehensive income

Debt instruments at fair value - other comprehensive income, having solely payments of principal and interest, are as follows:

<i>(in thousands of Korean won)</i>	March 31, 2018		December 31, 2017¹	
Non-current				
Government bonds	₩	9,748,634	₩	9,829,885
Corporate bonds		160,628,928		130,184,039
Less: provision for impairment		(367,808)		(354,493)
	₩	<u>170,009,754</u>	₩	<u>139,659,431</u>

¹ As at December 31, 2017, the Group classified above equity instruments as available-for-sale. The amounts are after reflecting the impacts of changes in accounting policies (Note 23).

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

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

6.3 Trade Receivables and Other Financial Assets at amortized cost

(a) Trade receivables and other receivables

<i>(in thousands of Korean won)</i>	March 31, 2018		December 31, 2017 ¹	
Trade receivables	₩	608,073,595	₩	626,371,357
Other receivables		426,647,449		400,312,627
Less: provision for impairment		(13,607,149)		(12,923,742)
Trade receivables and other receivables - net	₩	<u>1,021,113,895</u>	₩	<u>1,013,760,242</u>

¹ The amounts are after reflecting the effect of changes in accounting policies (Note 23)

(b) Other financial assets at amortized cost

<i>(in thousands of Korean won)</i>	March 31, 2018			December 31, 2017 ¹		
	Current	Non-current	Total	Current	Non-current	Total
Cash equivalents	₩ 2,006,074,818	₩ -	₩ 2,006,074,818	₩ 1,907,575,061	₩ -	₩ 1,907,575,061
Time deposits	664,749,604	22,207,992	686,957,596	846,535,129	70,853,219	917,388,348
Corporate bonds	15,000,000	-	15,000,000	-	15,098,700	15,098,700
Bank debenture	200,000,000	-	200,000,000	200,000,000	-	200,000,000
Loans	4,077,672	341,300	4,418,972	2,013,964	1,048,006	3,061,970
Accrued income	4,537,172	-	4,537,172	5,516,543	-	5,516,543
Leasehold deposits provided	1,898,290	77,717,208	79,615,498	1,845,698	73,143,089	74,988,786
Other financial assets	-	61,140	61,140	-	57,944	57,944
	<u>2,896,337,556</u>	<u>100,327,640</u>	<u>2,996,665,196</u>	<u>2,963,486,395</u>	<u>160,200,958</u>	<u>3,123,687,353</u>
Less: provision for impairment	<u>(472,990)</u>	<u>(5,790)</u>	<u>(478,780)</u>	<u>(546,074)</u>	<u>(55,034)</u>	<u>(601,108)</u>
	<u>₩ 2,895,864,566</u>	<u>₩ 100,321,850</u>	<u>₩ 2,996,186,416</u>	<u>₩ 2,962,940,321</u>	<u>₩ 160,145,924</u>	<u>₩ 3,123,086,245</u>

¹ The amounts are after reflecting the effect of changes in accounting policies (Note 23)

(c) Impairment

See Note 4 for the impairment of trade receivables, other financial assets at amortized cost and the Group's exposure to credit risk.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

7. Contract Assets and Liabilities

(a) Contract assets and liabilities

The contract assets and liabilities that the Group recognizes as at March 31, 2018 and December 31, 2017, are as follows:

<i>(in thousands of Korean won)</i>	March 31, 2018		December 31, 2017	
Contract assets related LINE Sticker	₩	2,554,839	₩	3,069,757
Contracts related to ads service		513,854		1,075,338
Assets recognized for costs incurred to fulfil contracts		7,052,003		6,381,720
Total contract assets	₩	10,120,696	₩	10,526,815
Customer loyalty programs	₩	4,647,645	₩	4,876,339
Contracts related to ads service		1,962,930		279,464
Contracts related to business platform service		84,348,005		77,099,894
Contracts related to IT platform service		8,419,016		7,339,341
Contracts related to contents service		13,142,184		11,989,488
Contracts related to LINE & other platform services		221,377,301		184,062,681
Total contract liabilities	₩	333,897,081	₩	285,647,207

(b) Revenue recognized in relation to contract liabilities

The following table shows how much of the revenue recognized in the current period related to carried-forward contract liabilities from the prior year and there is no revenue recognized in the current period related to performance obligations that were satisfied in the prior year.

<i>(in thousands of Korean won)</i>	2018	
Revenue recognized that was included in the contract liability balance at the beginning of the period		
Customer loyalty programs	₩	4,876,339
Contracts related to ads service		279,464
Contracts related to business platform service		77,099,894
Contracts related to IT platform service		7,339,341
Contracts related to contents service		11,989,488
Contracts related to LINE & other platform services		134,342,917
	₩	235,927,443

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

(c) Assets recognized from costs to fulfil a contract

In addition to the contract balances disclosed above, the Group recognizes an asset in relation to costs to fulfil contracts of LINE Sticker, Theme Shop and Creator Sticker which are represented within prepaid expenses in the statements of financial position.

(in thousands of Korean won)

2018

Assets recognized from costs to fulfil a contract at the end of reporting period	₩	16,285,361
Amortization and impairment loss recognized as cost of providing services during the period		11,667,965

The Group recognized an asset in relation to costs incurred to fulfil contracts of LINE Sticker, Theme Shop and Creator Sticker. The asset is amortized on a straight-line basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue.

8. Operating Segment Information

The Group consists of a single operating segment. Operating information by service types is reported to chief operating decision-maker and there is no difference from the amount reported in the consolidated statements of comprehensive income.

Operating revenues by service types for the three-month periods ended March 31, 2018 and 2017, are as follows:

<i>(in thousands of Korean won)</i>	2018		2017	
	Operating revenues	Ratio (%)	Operating revenues	Ratio (%)
Ads ¹	₩ 133,097,190	10.17	₩ 112,214,550	10.37
Business Platform ²	592,714,514	45.28	510,535,450	47.17
IT Platform ³	72,457,380	5.53	43,409,058	4.01
Contents Service ⁴	29,568,808	2.26	24,681,416	2.28
LINE & Other Platforms ⁵	481,221,972	36.76	391,406,807	36.17
	₩ 1,309,059,864	100.00	₩ 1,082,247,281	100.00

¹ DA, Shopping DA, NAVER TV Video Ads, Band DA and others (CPM)

² Search, Shopping Search and others (CPC/CPS)

³ NAVER Pay, IT Services, Cloud, WORKS and others

⁴ NAVER Music, Webtoon, V LIVE and others

⁵ LINE, SNOW and others

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

Financial performance by each region for the three-month periods ended March 31, 2018 and 2017 and as at March 31, 2018 and December 31, 2017 are as follows:

(in thousands of
Korean won)

	Revenue from external customers		Non-current assets ¹	
	2018	2017	March 31, 2018	December 31, 2017
Domestic	₩ 896,764,424	₩ 707,164,770	₩ 1,669,274,509	₩ 1,408,347,312
Japan	388,856,239	348,567,576	356,479,155	261,344,882
Others	23,439,201	26,514,935	166,150,149	136,892,701
	<u>₩ 1,309,059,864</u>	<u>₩ 1,082,247,281</u>	<u>₩ 2,191,903,813</u>	<u>₩ 1,806,584,895</u>

¹ Financial instruments and deferred tax assets are not included.

The revenue from contracts with customers into categories for the three-month period ended March 31, 2018, is as follows:

(in thousands of Korean won)

2018

By timing of revenue recognition

Recognized at a point in time	₩ 751,785,143
Recognized over time	557,274,721
	<u>₩ 1,309,059,864</u>

9. Property and Equipment

Changes in property and equipment for the three-month periods ended March 31, 2018 and 2017, are as follows:

(in thousands of Korean won)

2018

2017

Beginning balance	₩ 1,150,012,699	₩ 863,258,398
Acquisition / capital expenditures	122,387,931	87,058,797
Increase due to business combination	118,286	206,122
Depreciation	(47,426,658)	(39,573,094)
Disposals / retirement / impairment	(874,122)	(485,918)
Others ¹	7,816,623	17,058,135
Ending balance	<u>₩ 1,232,034,759</u>	<u>₩ 927,522,440</u>

¹ An increase/decrease from foreign currency translation is included.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

During the three-month period ended March 31, 2018, the Group has capitalized borrowing costs amounting to ₩ 40 million (2017 1Q: ₩ 719 million) on property and equipment that are qualifying assets. The capitalization rate of borrowings used to determine the amount of borrowing costs to be capitalized is 2.13% (2017 1Q: 2.13%).

10. Intangible Assets

Changes in intangible assets for the three-month periods ended March 31, 2018 and 2017, are as follows:

<i>(in thousands of Korean won)</i>	2018		2017	
Beginning balance	₩	339,511,681	₩	112,131,534
Acquisition / capital expenditures		5,656,872		1,753,120
Increase due to business combination		4,393,484		10,165,816
Amortization		(8,238,227)		(4,397,306)
Disposals / retirement / impairment		(679,680)		(876,209)
Others ¹		8,356,008		(2,704,564)
Ending balance	₩	349,000,138	₩	116,072,391

¹ An increase/decrease from foreign currency translation is included.

11. Investments in Associates and Joint Ventures

Details of investments in associates and joint ventures of the Group as at March 31, 2018 and December 31, 2017, are as follows:

(in thousands of Korean won)

					March 31, 2018		December 31, 2017	
Name of entity	Primary business	Location	Closing month	Percentage of ownership (%)	Book amount		Book amount	
Associates								
KG Allat (Formerly, Allat)	Internet commerce payment service	Korea	December	20.00	₩	3,699,127	₩	3,708,376
NetMania	Software development and Distribution	Korea	December	27.17		962,321		846,150
Synapssoft	Software development and distribution	Korea	December	26.39		4,164,003		3,993,600
Cloud Application Factory ²	Software development and distribution	Korea	December	30.10		-		1,487
BonAngels Pacemaker Fund	Investment	Korea	December	22.73		3,942,756		4,109,379

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

(in thousands of Korean won)

				March 31, 2018		December 31, 2017	
Name of entity	Primary business	Location	Closing month	Percentage of ownership (%)	Book amount	Book amount	
Associates							
Korea Contents Mutual Aid Association	Investment	Korea	December	46.36	₩ 5,219,288	₩ 5,274,711	
ARO In Tech	Software development and distribution	Korea	December	29.85	420,223	415,967	
Future Creation NAVER-Stonebridge Early Stage Start-up Fund	Investment	Korea	December	40.00	6,258,536	6,844,658	
Future Creation NAVER-SB Startup Investment Fund	Investment	Korea	December	37.04	7,416,337	8,011,687	
Epic Voyage	Mobile service development	Japan	December	30.00	26,286	24,929	
LINE Music ²	Mobile service development	Japan	December	33.40	-	447,864	
Digital Media Partners II	Investment	Cayman Islands	December	30.00	2,394,335	2,499,797	
AUBE	Mobile service development	Japan	December	49.00	3,968,900	3,169,994	
NAVER-Suprema Youth Foundation No.5 Investment Fund	Investment	Korea	December	50.00	9,355,555	7,915,533	
NAVER KIP Cheer up! Gamers Fund	Investment	Korea	December	50.00	3,992,984	4,128,854	
NSPACE	Space service business	Korea	December	49.04	1,297,050	1,360,751	
Silicon Cube	Applied software development and distribution	Korea	December	45.05	2,078,235	2,192,699	
One Store	E-Commerce business	Korea	December	34.46	23,043,057	21,511,791	
Transcosmos Online Communication	Business customer support	Japan	December	37.06	1,201,095	1,152,090	
Nplegames	Software development and distribution	Korea	December	43.48	4,175,089	4,502,629	
Alchera	Software consulting, development and distribution	Korea	December	25.16	1,696,504	1,862,085	
Trust Us ²	Software consulting, development and distribution	Korea	December	21.39	-	-	
Yume no machi Souzou linkai	Mobile service development	Japan	December	21.93	38,658,156	37,080,639	
Mirae Asset-NAVER New Growth Fund 1	Investment	Korea	December	50.00	19,460,635	19,562,524	
K-Fund I ¹	Investment	France	December	100.00	44,849,865	24,435,726	
Fandom	Software development and distribution	Korea	December	20.00	143,875	150,793	
YG NAVER Contents & Lifestyle Fund ¹	Investment	Korea	December	90.91	49,256,996	48,661,077	
Orpeo Sound Works	Software development and distribution	Korea	December	27.41	1,951,200	1,948,965	
Nano Interactive	Software development and distribution	Korea	December	35.48	465,032	517,457	
The Grim Ent.	Webtoon production	Korea	December	34.98	1,044,332	1,049,309	
Meshkorea	Telecom order brokerage, e-commerce	Korea	December	25.30	24,784,506	25,163,892	
Studio Horang	Webtoon production	Korea	December	35.00	324,526	332,814	

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

(in thousands of Korean won)

Name of entity	Primary business	Location	Closing month	March 31, 2018		December 31, 2017		
				Percentage of ownership (%)	Book amount	Book amount	Book amount	
Associates								
Oozoo ³	Software development and distribution	Korea	December	-	₩	-	₩	2,442,539
Soran Media Venture Fund I ¹	Investment	Korea	December	66.67		968,745		1,000,000
Motif	Software development and distribution	Korea	December	41.46		1,915,725		1,999,899
Fast Cowell Private Equity Fund	Investment	Korea	December	21.13		1,486,979		1,500,000
Skeinglobe	Software development and distribution	Korea	December	28.72		1,062,239		1,220,800
YLAB Japan	Software development and distribution	Japan	December	35.71		239,941		479,600
Laiqu Technology (Shenzhen)	Software development and distribution	China	December	20.00		505,948		164,067
Rock Square	Software development and distribution	Korea	December	40.98		2,154,230		-
FOLIO	Financial business	Japan	December	41.36		57,140,191		-
Bigpicture Comics	Webtoon production	Korea	December	35.00		700,033		-
iPASS	Mobile payment system planning and development	Taiwan	December	29.82		12,433,800		-
Bravepops	Software development and distribution	Korea	December	20.67		648,294		-
AXIS	Software development and distribution	Korea	December	37.50		3,000,000		-
MiraeAsset MAPS Private Placement Real Estate 62	Investment	Korea	December	45.12		196,330,551		-
						544,837,480	251,685,132	
Joint ventures								
YTN PLUS	Digital contents distribution	Korea	December	50.00		4,602,012		4,298,774
LINE Project ²	Investment	Japan	December	50.00		-		-
Collab+LINE	Investment	USA	December	50.00		1,143,293		1,147,638
Lantu Games ²	Smartphone contents development	Hong Kong	December	50.00		-		399,883
JobsN	Online information service	Korea	December	49.00		882,065		898,764
RABBIT-LINE PAY COMPANY	Online payment service	Thailand	December	50.00		25,861,737		20,061,560
YEOPEUL	Online information service and internet contents business	Korea	December	49.00		652,405		523,102
Cineplay	Online information service and online advertising	Korea	December	49.00		592,811		492,381
China Lab	Database and online information service	Korea	December	49.00		186,687		185,692
Designpress	Online information service and internet contents business	Korea	December	49.00		338,624		281,207

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

(in thousands of Korean won)

(in thousands of Korean won)

Name of entity	Primary business	Location	Closing month	March 31, 2018		December 31, 2017	
				Percentage of ownership (%)	Book amount		Book amount
Joint ventures							
Interbiz	Online information service and internet contents business	Korea	December	49.00	₩	92,454	₩ 91,654
Artitian	Online information service and internet contents business	Korea	December	49.00		152,450	134,610
Schooljam	Online information service and internet contents business	Korea	December	49.00		190,305	185,110
Agroplus	Online information service and internet contents business	Korea	December	49.00		208,142	158,006
Sumlab	Online information service and internet contents business	Korea	December	49.00		171,597	141,837
Techplus	Online information service and internet contents business	Korea	December	49.00		161,120	109,533
Animal and Human Story	Online information service and internet contents business	Korea	December	49.00		92,540	94,906
Law and Media	Online information service and internet contents business	Korea	December	49.00		107,334	107,334
						35,435,576	29,311,991
					₩	580,273,056	₩ 280,997,123

¹ Although, the Group owns more than 50% of the investees, the Group does not have controls over the entities since the voting rights are restricted under arrangements with other shareholders.

² LINE Project had discontinued the use of equity method due to accumulated deficits and impairment loss had been recognized before the current period, for Trust us, Cloud Application Factory, LINE Music and Lantu Games as book value exceeded the recoverable amount.

³ Oozoo has been included in subsidiaries during the current period.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

Changes in investments in associates and joint ventures for the three-month periods ended March 31, 2018 and 2017, are as follows:

<i>(in thousands of Korean won)</i>	2018		
	Investments in associates	Investments in joint ventures	Total
Beginning balance	₩ 251,685,132	₩ 29,311,991	₩ 280,997,123
Acquisition	294,320,947	-	294,320,947
Disposal	(2,819,781)	-	(2,819,781)
Valuation of equity method			
Share of profit(loss) of associates and joint ventures	(1,680,426)	(1,262,223)	(2,942,649)
Share of other comprehensive income of associates and joint ventures	2,001,298	7,387,165	9,388,463
Other changes	1,330,310	(1,357)	1,328,953
Ending balance	₩ 544,837,480	₩ 35,435,576	₩ 580,273,056

<i>(in thousands of Korean won)</i>	2017		
	Investments in associates	Investments in joint ventures	Total
Beginning balance	₩ 143,334,978	₩ 38,817,442	₩ 182,152,420
Acquisition	10,940,921	-	10,940,921
Valuation of equity method			
Share of profit (loss) of associates and joint ventures	(2,125,664)	1,162,476	(963,188)
Share of other comprehensive income of associates and joint ventures	(5,558,108)	(2,011,125)	(7,569,233)
Others	855,200	(46,475)	808,725
Ending balance	₩ 147,447,327	₩ 37,922,318	₩ 185,369,645

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

12. Borrowings and Debentures

Borrowings as at March 31, 2018 and December 31, 2017, are as follows:

(in thousands of Korean won, in thousands of Japanese yen, in thousands of VND and in thousands of USD)

	Lender	Maturity date	Annual interest rate (%)	March 31, 2018	December 31, 2017
Short-term borrowings					
Foreign currency	Sumitomo Mitsui Banking Corporation	September 28, 2018	0.07	₩ 120,175,200 (JPY 12,000,000)	₩ 113,893,200 (JPY 12,000,000)
	Mizuho Corporate Bank, Ltd.	September 30, 2018	0.11	100,146,000 (JPY 10,000,000)	94,911,000 (JPY 10,000,000)
	HIENDAT	June 30, 2018	-	1,318,178 (VND 28,166,221)	1,379,472 (VND 28,166,221)
	Mizuho Corporate Bank, Ltd.	May 31, 2018	0.93	166,884 (JPY 16,664)	395,456 (JPY 41,666)
	SCC Growth IV Holdco A, Ltd. ¹	-	10.00	31,750,028 (USD 29,970)	-
	SNOW Limited Liability Partnership ¹	-	10.00	21,183,269 (USD 19,995)	-
	KOOKMIN Bank	-	-	-	403,962
				274,739,559	210,983,090
Long-term borrowings					
Foreign currency	Japan Finance Corporation	Jun 30, 2020	1.40	27,200 (JPY 2,716)	28,540 (JPY 3,007)
	Dai Ichi Kangyo Credit Cooperative	Jun 15, 2023	1.00	75,110 (JPY 7,500)	71,183 (JPY 7,500)
	Sendai Bank	Jan 15, 2020	1.00	33,047 (JPY 3,300)	35,592 (JPY 3,750)
Local currency	YOJ	July 18, 2019	4.60	779,780	779,780
	Shinhan Bank	Oct 31, 2020	2.91	50,000,000	49,046,714
	Sunny Solution 3rd	Jan 30, 2021	3.16	50,000,000	-
	Individual	-	-	92,000	-
Less: Current portion				(29,683)	(28,132)
				₩ 100,977,454	₩ 49,933,677

¹ These are redeemable convertible preference shares which the Group classified as borrowings since the Group cannot control redemption condition. The holders can request the Group to pay the full redemption calculated by applying 10% of compounded interest to the issuance amount when specific future events or circumstances are met.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

Debentures as at March 31, 2018 and December 31, 2017, are as follows:

(in thousands of Korean won)

	Lender	Maturity date	Annual interest rate (%)	March 31, 2018	December 31, 2017
Fixed rate	3rd public bond	November	2.13	₩ 150,000,000	₩ 150,000,000
in Korean won		12, 2018			
Less: Current portion				(150,000,000)	(150,000,000)
				₩ -	₩ -

13. Net Defined Benefit Liabilities

The amounts recognized in the statements of comprehensive income for the three-month periods ended March 31, 2018 and 2017, are as follows:

(in thousands of Korean won)

	2018	2017
Current service cost	₩ 16,860,707	₩ 14,132,766
Net interest cost	2,074,384	1,902,204
Total expenses included in employee benefits	₩ 18,935,091	₩ 16,034,970

Details of net defined benefit liabilities recognized in the statements of financial position as at March 31, 2018 and December 31, 2017, are as follows:

(in thousands of Korean won)

	March 31, 2018	December 31, 2017
Present value of funded defined benefit liabilities	₩ 22,292,683	₩ 27,710,745
Present value of unfunded defined benefit liabilities	290,279,511	272,652,127
Sub total	312,572,194	300,362,872
Fair value of plan assets	(16,571,675)	(16,329,665)
Net defined benefit liabilities	₩ 296,000,519	₩ 284,033,207

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

14. Provisions

Details and changes in provisions for the three-month periods ended March 31, 2018 and 2017, are as follows:

(in thousands of Korean won)

(in thousands of Korean won)	2018						
	Provision for litigation		Provision for customer loyalty program		Provision for restoration and others		Total
Beginning balance	₩	926,439	₩	249,054	₩	39,487,901	₩ 40,663,394
Charged / (credited) to the statement of profit or loss:							
Additional provisions		-		-		1,735,901	1,735,901
Unused amounts reversed		-		-		(289,989)	(289,989)
Used during the period		-		-		(1,747,070)	(1,747,070)
Others		-		-		607,942	607,942
Ending balance	₩	926,439	₩	249,054	₩	39,794,685	₩ 40,970,178
Current	₩	926,439	₩	249,054	₩	3,301,183	₩ 4,476,676
Non-current		-		-		36,493,502	36,493,502

(in thousands of Korean won)

(in thousands of Korean won)

	2017							
	Provision for litigation		Provision for customer loyalty program		Provision for social contribution ¹	Provision for restoration and others	Total	
Beginning balance	₩	926,439	₩	249,054	₩	40,000,000	₩ 20,299,790	₩ 61,475,283
Charged / (credited) to the statement of profit or loss:								
Additional provisions		-		-		-	27,053,870	27,053,870
Unused amounts reversed		-		-		-	(1,690,716)	(1,690,716)
Used during the period		-		-		(40,000,000)	(4,829,615)	(44,829,615)
Others		-		-		-	(2,102,139)	(2,102,139)
Ending balance	₩	926,439	₩	249,054	₩	-	₩ 38,731,190	₩ 39,906,683
Current	₩	926,439	₩	249,054	₩	-	₩ 1,970,866	₩ 3,146,359
Non-current		-		-		-	36,760,324	36,760,324

¹ During 2013, the Group agreed with the Fair Trade Commission to contribute to good causes, the exact nature of which to be agreed with the Fair Trade Commission in advance. The entire amount was paid during the prior period.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

15. Issuance and Acquisition of Shares

The Company's total number of authorized shares is 300,000,000 shares. As at March 31, 2018, the Company has issued 32,962,679 ordinary shares and has owned 3,726,061 treasury shares, and the number of outstanding shares is 29,236,618 shares. The Company's share capital and share premium as at March 31, 2018, amount to ₩ 16,481 million and ₩ 132,921 million, respectively. There are no changes in the number of shares issued for the three-month periods ended March 31, 2018 and 2017.

The Company acquired 133,858 shares of treasury shares amounting to ₩ 124,459 million for the three-month period ended March 31, 2018, which are accounted for as other components of equity.

16. Financial Instruments by Category

16.1. Carrying Amounts of Financial Instruments by Category

Categorizations of financial assets and liabilities as at March 31, 2018 and December 31, 2017, are as follows:

*(in thousands of
Korean won)*

	March 31, 2018			
	Financial assets at fair value - profit or loss	Financial assets at fair value - other comprehensive income	Financial assets at amortized cost	Total
Cash and cash equivalents	₩ -	₩ -	₩ 2,006,074,818	₩ 2,006,074,818
Long and short-term financial instruments ¹	-	-	901,717,026	901,717,026
Financial assets at fair value - profit or loss	925,548,584	-	-	925,548,584
Trade and other receivables	-	-	1,109,508,468	1,109,508,468
Financial assets at fair value - other comprehensive income	-	796,023,967	-	796,023,967
	<u>₩ 925,548,584</u>	<u>₩ 796,023,967</u>	<u>₩ 4,017,300,312</u>	<u>₩ 5,738,872,863</u>

¹ As at March 31, 2018, long and short-term financial instruments amounting to ₩ 18,800 million are restricted as deposits for shared corporate growth program, ₩ 500 million are pledged for restoration of leasehold facilities and ₩ 4,600 million are restricted for the borrowings for the Group's employees. In addition, ₩ 1,690 million are pledged to Shinhan bank for financial guarantees in relation to NaverPay service.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

(in thousands of Korean won)

	March 31, 2018	
	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost
Trade and other payables	₩ -	₩ 694,691,254
Financial liabilities at fair value through profit or loss	4,612,517	-
Borrowings	-	375,746,696
Debentures	-	150,000,000
	<u>₩ 4,612,517</u>	<u>₩ 1,220,437,950</u>

(in thousands of Korean won)

	December 31, 2017			
	Financial assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Held-to-maturity financial assets
Cash and cash equivalents	₩ -	₩ 1,907,575,061	₩ -	₩ -
Long and short-term financial instruments	-	1,454,190,892	-	-
Financial assets at fair value through profit or loss	313,683,892	-	-	-
Trade and other receivables	-	1,101,072,454	-	-
Available-for-sale financial assets	-	-	1,023,068,167	-
Held-to-maturity financial assets	-	-	-	2,660,696
	<u>₩ 313,683,892</u>	<u>₩ 4,462,838,407</u>	<u>₩ 1,023,068,167</u>	<u>₩ 2,660,696</u>
				<u>₩ 5,802,251,162</u>

(in thousands of Korean won)

	December 31, 2017	
	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost
Trade and other payables	₩ -	₩ 620,963,606
Financial liabilities at fair value through profit or loss	4,638,541	-
Borrowings	-	260,944,900
Debentures	-	150,000,000
	<u>₩ 4,638,541</u>	<u>₩ 1,031,908,506</u>

17. Tax expense

Income tax expense is recognized based on management's best estimate of weighted average annual income tax rate expected for the full financial year. As at March 31, 2018, the estimated average annual income tax rate used for the year ending December 31, 2018, is 40.2% (the estimated tax rate for the three-month period ended March 31, 2017: 30.5%).

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

18. Dividends

A dividend in respect of the year ended December 31, 2017, amounting to ₩ 42,470 million, was paid in April, 2018. Details of the dividends are as follows:

<i>(in thousands of Korean won)</i>	2018	2017
Shares eligible for dividends	29,370,476	28,807,413
Dividend rate per share (%)	289.2	226.0
Cash dividends	₩ 42,469,708	₩ 32,581,184

19 Commitments and Contingencies

As at March 31, 2018, the Group has borrowing agreement with Kookmin bank, Shinhan bank and Industrial Bank of Korea of up to ₩ 95,300 million. And the Group has borrowing agreement with Sumitomo Mitsui Banking Corporation and Mizuho Corporate Bank of up to JPY 22,180 million.

As at March 31, 2018, the Group was provided with guarantees up to ₩ 6,930 million from Seoul Guarantee and up to ₩ 3,400 million from Shinhan bank and Industrial Bank of Korea regarding the performance and financial guarantee.

As at March 31, 2018, the Company has entered into a construction contract amounting to ₩ 27,795 million with Doosan Engineering & Construction Co., Ltd in relation to a construction of new building for the Company and the outstanding amount of the contract is ₩ 5,795 million. Also, the Company has entered into a contract to acquire a land amounting to ₩ 51,000 million in relation to a construction of new building for Cloud Data Center and the outstanding amount of the contract is ₩ 5,000 million.

As at March 31, 2018, the Group has been involved in a lawsuit as a defendant with regard to patent, copyright and compensation for damage. The results of the cases are uncertain as at reporting date and the management recognizes the provision in relation to the potential loss in case any of the lawsuit cases require the recognition of the provision.

The Japanese Payment Services Act requires non-banking entities that engage in business activities involving advance payments from end users using virtual credits to secure a certain amount of money equal to or more than one half of the unused balance of virtual credits purchased by the end users, either by depositing or entrusting a cash reserve or government bonds with the Legal Affairs Bureau, or by concluding a guarantee contract with a financial institution. If deposits are made, they are recorded as guarantee deposits. In accordance with the Japanese Payment Services Act, the Group had deposited cash of JPY 635 million and investments in Japanese government bonds of JPY 280 million as at March 31, 2018, which are recognized as long-term financial instruments. In addition, the Group had credit guarantee contracts with banks for JPY 13,500 million from Sumitomo Mitsui Banking Corporation and Mizuho Corporate Bank as at March 31, 2018 to comply with the Japanese Payment Services Act.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

20. Related Party Transactions

Details of subsidiaries as at March 31, 2018 and December 31, 2017, are described in Note 1.1.

Details of associates and joint ventures as at March 31, 2018 and December 31, 2017, are as follows:

Type	March 31, 2018	December 31, 2017
Associates	KG Allat (Formerly, Allat), NetMania, Synapsoft, Cloud Application Factory, BonAngels Pacemaker Fund, Korea Contents Mutual Aid Association, ARO In Tech, Future Creation NAVER Stonebridge Early Stage Start-up Fund, Future Creation NAVER-SB Startup Investment Fund, Epic Voyage, LINE Music, AUBE, Digital Media Partners II, NAVER KIP Cheer up! Gamers Fund, NAVER-Suprema Youth Foundation No.5 Investment Fund, NSPACE, Silicon Cube, One Store, Transcosmos Online Communication, Beijing Lantu Times Technology Company, Nplegames, Alchera, Trust Us, Yume no Machi Souzou linkai, Mirae Asset-NAVER New Growth Fund 1, K-Fund, Fandom, YG NAVER Contents & Lifestyle Fund, Orpeo Sound Works, SATSUMAEBISUDO, PT Klik Eat Indonesia, Nano Interactive, Studio Horang, Meshkorea, The Grim Ent., Soran Media Venture Fund I, Motif, Fast Cowell Private Equity Fund, Skeinglobe, YLAB Japan, Laiqu Technology (Shenzhen), FOLIO, Rock Square, Bigpicture Comics, iPASS, Bravepops, AXIS, MiraeAsset MAPS Private Placement Real Estate 62	KG Allat (Formerly, Allat), NetMania, Synapsoft, Cloud Application Factory, BonAngels Pacemaker Fund, Korea Contents Mutual Aid Association, ARO In Tech, Future Creation NAVER Stonebridge Early Stage Start-up Fund, Future Creation NAVER-SB Startup Investment Fund, Epic Voyage, LINE Music, AUBE, Digital Media Partners II, NAVER KIP Cheer up! Gamers Fund, NAVER-Suprema Youth Foundation No.5 Investment Fund, NSPACE, Silicon Cube, One Store, Transcosmos Online Communication, Beijing Lantu Times Technology Company, Nplegames, Alchera, Trust Us, Yume no Machi Souzou linkai, Mirae Asset-NAVER New Growth Fund 1, K-Fund, Fandom, YG NAVER Contents & Lifestyle Fund, Orpeo Sound Works, SATSUMAEBISUDO, PT Klik Eat Indonesia, Oozoo, Nano Interactive, Studio Horang, Meshkorea, The Grim Ent., Soran Media Venture Fund I, Motif, Fast Cowell Private Equity Fund, Skeinglobe, YLAB Japan, Laiqu Technology (Shenzhen)
Joint ventures	YTN PLUS, LINE Project Cooperative, Collab+LINE, Lantu Games, JobsN, RABBIT-LINE PAY COMPANY, Travel+, Cineplay, China Lab, Designpress, Interbiz, Artitian, Agroplus, Schooljam, Sumlab, Techplus, Animal and Human Story, Law and Media	YTN PLUS, LINE Project Cooperative, Collab+LINE, Lantu Games, JobsN, RABBIT-LINE PAY COMPANY, Travel+, Cineplay, China Lab, Designpress, Interbiz, Artitian, Agroplus, Schooljam, Sumlab, Techplus, Animal and Human Story, Law and Media

Details of other related parties that have sales and other transactions or outstanding balances with the Group are as follows:

Type	March 31, 2018	December 31, 2017
Others ¹	Iscon, Happybean foundation, NAVER Cultural foundation, Connect foundation, Everyoung Korea	Bluenet, Iscon, Happybean foundation, NAVER Cultural foundation, Connect foundation, Everyoung Korea and other individuals

¹ Although these entities are not the related parties of the Group in accordance with Korean IFRS 1024, the entities belong to the large enterprise group in accordance with the Monopoly Regulation and Fair Trade Act.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

Transactions with related parties including operating revenues and expenses for the three-month periods ended March 31, 2018 and 2017, are as follows:

(in thousands of Korean won)

	2018	
	Operating revenues	Operating expenses
Associates		
ARO In Tech	₩ -	₩ 161,276
KG Allat (formerly, Allat)	-	60,093
One Store	52,047	15,631
NSAPCE	-	171,572
LINE MUSIC	2,705,764	14,478
AUBE	3,567,431	2,998
Synapsoft	-	2,192
Transcosmos online communications	274,936	-
Yume no Machi Souzou linkai	457,587	246,443
Alchera	-	150,945
Orpeo Sound Works	-	136,950
Others	70,037	157,861
Joint ventures		
YTN PLUS	-	420,392
Collab+LINE	-	26,673
JobsN	1,020	336,731
RABBIT-LINE PAY COMPANY	700,018	74,462
Cineplay	-	333,750
China Lab	-	302,751
Designpress	500	249,000
YEOPEUL	500	624,500
Schooljam	-	249,000
Sumlab	-	249,000
Techplus	-	249,000
Animal and Human Story	-	248,200
Law and Media	-	249,000
Agroplus	-	249,000
Interbiz	-	270,333
Artitian	-	249,000
Others ¹		
Connect foundation	547,492	-
Happybean foundation	80,604	300
NAVER Cultural foundation	3,407	326
Others	23,845	1,579,253

¹ Although these entities are not the related parties of the Group in accordance with Korean IFRS 1024, the entities belong to the large enterprise group in accordance with the Monopoly Regulation and Fair Trade Act.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

(in thousands of Korean won)

	2017	
	Operating revenues	Operating expenses
Associates		
ARO In Tech	₩ -	₩ 163,276
Allat	-	760,624
One Store	293,205	45
NSAPCE	-	4,500
LINE MUSIC	1,901,096	13,638
AUBE	3,091,933	3,021
Green Monster	743	291,184
Synapsoft	-	246,721
Transcosmos online communications	148,378	-
Yume no Machi Souzou linkai	20,813	-
Trust Us	12,734	-
Alchera	-	140,000
Joint ventures		
YTN PLUS	-	121,303
Collab+LINE	-	28,384
JobsN	278,539	519,176
LANTU GAMES	-	119
RABBIT-LINE PAY COMPANY	475,590	14,843
China Lab	-	249,000
Designpress	-	249,000
YEOPEUL	3,571	249,893

Outstanding balances of receivables and payables arising from sales and purchases of goods and services as at March 31, 2018 and December 31, 2017, are as follows:

(in thousands of Korean won)

	March 31, 2018			
	Receivables		Payables	
	Trade receivables	Other receivables and others	Trade payables	Leasehold deposits and others
Associates				
Synapsoft	₩ -	₩ -	₩ 1,625,700	₩ -
LINE Music	1,995,070	324,470	1,894,106	-
Yume no Machi Souzou linkai	202,306	-	878,971	93,548
Nano Interactive	-	500,000	-	42,086
AUBE	1,556,534	1,249,492	-	-
Transcosmos Online Communication.	202,643	-	-	-
KG Allat (formerly, Allat)	70,118	-	-	-
Skeinglobe	-	1,750,000	-	-
Laiqu Technology (Shenzhen)	159,975	-	-	137,411
Rock Square	-	800,000	-	-
Others	12,815	1,028,419	145,413	30,105

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

(in thousands of Korean won)

	March 31, 2018			
	Receivables		Payables	
	Trade receivables	Other receivables and others	Trade payables	Leasehold deposits and others
Joint ventures				
YTN PLUS	₩ -	₩ -	₩ 357,932	₩ -
RABBIT-LINE PAY COMPANY	1,738,622	228,717	882,892	-
China Lab	-	-	491,500	-
Cineplay	-	-	90,695	-
Artitian	-	-	127,600	-
YEOPEUL	22,500	-	108,578	-
Others	28,222	-	301,857	-
Others¹				
Connect foundation	574,408	3,037	131	-
Happybean foundation	78,894	-	624,176	-
NAVER Cultural foundation	14,505	-	-	-

(in thousands of Korean won)

	December 31, 2017			
	Receivables		Payables	
	Trade receivables	Other receivables and others	Trade payables	Leasehold deposits and others
Associates				
Synapsoft	₩ -	₩ -	₩ 225,700	₩ -
LINE Music	1,606,485	339,587	1,605,714	121,080
Yume no Machi Souzou linkai	122,628	-	578,378	104,760
Nano Interactive	-	5,744	-	42,086
AUBE	1,042,836	42,938	-	-
Transcosmos Online Communication.	171,461	-	-	-
KG Allat (formerly, Allat)	113,481	-	-	-
Oozoo	-	1,524,963	-	-
Others	-	-	130,626	30,105
Joint ventures				
YTN PLUS	-	-	413,232	-
RABBIT-LINE PAY COMPANY	877,172	118,577	188,491	-
China Lab	-	-	480,000	-
Cineplay	-	-	144,815	-
Others	137,722	-	217,035	-
Others¹				
Happybean foundation	79,016	1,384	769,389	-
Connect foundation	221,814	1,758	442,528	-
NAVER Cultural foundation	11,680	366	-	-

¹ Although these entities are not the related parties of the Group in accordance with Korean IFRS 1024, the entities belong to the large enterprise group in accordance with the Monopoly Regulation and Fair Trade Act.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

No provisions are held against receivables from related parties.

The compensation paid or payable to key management (executive directors) for employee services for the three-month periods ended March 31, 2018 and 2017, consists of:

<i>(in thousands of Korean won)</i>		2018		2017
Short-term employee benefits	₩	677,500	₩	815,054
Post-employment benefits		58,381		148,120
Other long-term benefits		448,746		387,250

21. Business Combination

On February 28, 2018, the Group acquired 53.49% shares of Oozoo, which develops and publishes mobile games. The goodwill is attributable to the workforce of the acquired business and the synergy to technology development. It will not be deductible for tax purposes. Details of the purchase consideration, the assets and liabilities recognized as a result of the acquisition, and fair value of the non-controlling interest at the acquisition date are as follows:

<i>(in thousands of Korean won)</i>	Amount
Consideration	
Cash and cash equivalents	₩ 1,144,975
Fair value of equity held before the business combination	2,442,539
	<u>3,587,514</u>
Non-controlling interest	(667,830)
Recognized amounts of identifiable assets acquired and liabilities assumed	
Assets	
Cash and cash equivalents	1,780,830
Trade and other receivables	955
Property and equipment	118,286
Intangible assets	37,826
Other assets	251,692
	<u>2,189,589</u>
Liabilities	
Trade and other payables	83,252
Other liabilities	3,542,312
	<u>3,625,564</u>
Total identifiable net assets	<u>(1,435,975)</u>
Goodwill	₩ <u>4,355,659</u>

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

22. Discontinued Operation

The Group's subsidiary, LINE Corp. decided to terminate the service of its subsidiary, MIXRADIO, at the Board of Directors' meeting in February 2016 and is proceeding to liquidate the subsidiary. The profit and loss on the related operations are presented as discontinued operations.

Loss from discontinued operations for the three-month periods ended March 31, 2018 and 2017, are as follows:

<i>(in thousands of Korean won)</i>	2018	2017
Operating revenues	₩ -	₩ -
Operating expenses	(2,199)	(68,809)
Operating loss	(2,199)	(68,809)
Other income	-	233,602
Other expenses	-	(223,267)
Finance income	-	-
Finance costs	(66,538)	(81,212)
Loss before income tax	(68,737)	(139,686)
Income tax expense (benefit)	(838,084)	2,333,258
Profit (loss) for the period of discontinued operations	₩ 769,347	₩ (2,472,944)

Summarized cash flows from discontinued operations for the three-month periods ended March 31, 2018 and 2017, are as follows:

<i>(in thousands of Korean won)</i>	2018	2017
Cash flows from operating activities	₩ (165,764)	₩ (945,244)
Cash flows from investing activities	-	-
Cash flows from financing activities	-	(1,166,485)
Effects of foreign currency translation on cash and cash equivalents	172,129	(408,084)
Net cash inflow (outflow)	₩ 6,365	₩ (2,519,813)

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

23. Changes in Accounting Policies

23.1 Adoption of Korean IFRS 1109 *Financial Instruments*

As explained in Note 2, the Group has applied Korean IFRS 1109 *Financial Instruments* on January 1, 2018, the date of initial application. In accordance with the transitional provisions in Korean IFRS 1109, comparative figures have not been restated. The application of Korean IFRS 1109 has following impacts on the financial statements.

(a) Changes in beginning balance of retained earnings

The total impacts on the Group's retained earnings at the beginning of the period due to the application of Korean IFRS 1109, are as follows:

<i>(in thousands of Korean won)</i>	Notes	Amount
Retained earnings		
Beginning balance - Korean IFRS 1039		₩ 4,555,517,868
Reclassification from long and short-term financial instruments to financial assets at fair value - profit or loss and fair value measurement	(b)(i)	1,150,612
Reclassification from long and short-term financial instruments to financial assets at fair value - other comprehensive income and fair value measurement	(b)(ii)	(560,944)
Reclassification of available-for-sale assets to financial assets at fair value - profit or loss (Reclassification within equity)	(b)(iii)	56,771,271
Reclassification of available-for-sale assets to financial assets at fair value - other comprehensive income (Reclassification within equity)	(b)(iv)	8,271,399
Increase in provision for impairment of trade and other receivables	(c)(i)	(349,164)
Increase in provision for impairment of debt instruments at amortized cost	(c)(ii)	(313,504)
Increase in provision for impairment of debt instruments at fair value - other comprehensive income	(c)(ii)	(354,493)
Increase in deferred tax relating to the provision for impairment and fair value measurement		(102,590)
Adjustments to retained earnings from adoption of Korean IFRS 1109		64,512,587
Beginning balance - Korean IFRS 1109		<u>₩ 4,620,030,455</u>

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

(b) Classification and Measurement of Financial Instruments

On the date of initial application of Korean IFRS 1109, January 1, 2018, the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate Korean IFRS 1109 categories. The main effects resulting from this reclassification are as follows:

<i>(in thousands of Korean won)</i>	Notes	Fair value - profit or loss	Fair value - other comprehensive income ¹ (Available-for- sale financial assets in 2017)	Amortized cost ² (loans and receivables in 2017)	Total
Financial assets – January 1, 2018					
Beginning balance – Korean IFRS 1039 ¹		₩ 313,683,892	₩ 1,023,068,167	₩ 4,465,499,104	₩ 5,802,251,163
Reclassification from long and short-term financial instruments to financial assets at fair value - profit or loss	(i)	244,722,675	-	(243,572,063)	1,150,612
Reclassification from long and short-term financial instruments to financial assets at fair value - other comprehensive income	(ii)	-	84,417,885	(84,417,885)	-
Reclassification from available-for-sale assets to financial assets at fair value - profit or loss	(iii)	390,392,608	(390,392,608)	-	-
Beginning balance - Korean IFRS 1109 ³		<u>₩ 948,799,175</u>	<u>₩ 717,093,444</u>	<u>₩ 4,137,509,156</u>	<u>₩ 5,803,401,775</u>

¹ The beginning balance as at January 1, 2018, presented available-for-sale financial assets at fair value through other comprehensive income, see the table in (iv), (v) below for details. These reclassifications have no impact on the measurement categories.

² Includes cash and cash equivalents and long and short-term financial instruments.

³ The adjustments arising from impairment of financial assets are not included (Note 4).

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

The impact on these classification changes on the Group's equity is as follows:

(in thousands of Korean won)	Notes	Other components of equity		Retained earnings
		Changes in the fair value of available-for-sale financial assets	Changes in the fair value of financial assets at fair value – other comprehensive income	
Beginning balance – Korean IFRS 1039		₩ 22,782,882	₩ -	₩ 4,555,517,868
Reclassification from long and short-term financial instruments to financial assets at fair value - profit or loss	(i)	-	-	1,150,612
Reclassification from long and short-term financial instruments to financial assets at fair value - other comprehensive income	(ii)	-	560,944	(560,944)
Reclassification of available-for-sale assets to financial assets at fair value - profit or loss	(iii)	(56,771,271)	-	56,771,271
Reclassification from available-for-sale financial assets to equity instruments at fair value - other comprehensive income	(iv)	29,943,292	(38,214,691)	8,271,399
Reclassification from available-for-sale financial assets to debt instruments at fair value - other comprehensive income	(vi)	4,045,097	(4,045,097)	-
Beginning balance - Korean IFRS 1109 ¹		₩ -	₩ (41,698,844)	₩ 4,621,150,206

¹ The adjustments arising from impairment of financial assets are not included (Note 4).

(i) Reclassification from long and short-term financial instruments to financial assets at fair value - profit or loss

As at January 1, 2018, investments in ABCP amounting to ₩ 240,508 million and related accrued interest amounting to ₩ 3,064 million were reclassified from long and short-term financial instruments and trade and other receivables to financial assets at fair value - profit or loss. They do not meet the criteria to be classified as at amortized cost in accordance with Korean IFRS 1109, because their cash flows do not represent solely payments of principal and interest. As at January 1, 2018, the difference between the fair value of long and short-term financial instruments and related accrued interest, and financial assets at fair value - profit or loss amounting to ₩ 1,151 million was recognized as retained earnings. For the three-month period ended March 31, 2018, fair value gains related to these financial assets amounting to ₩ 722 million were recognized in profit or loss, along with related tax expense of ₩ 192 million.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

(ii) Reclassification from long and short-term financial instruments to financial assets at fair value - other comprehensive income

Certain debt instruments, where the Group's business model is achieved both by collecting contractual cash flows and selling of these assets, were reclassified from long and short-term financial instruments to financial assets at fair value - other comprehensive income. The contractual cash flows of these investments are solely principal and interest. As a result, debt instruments of ₩ 84,418 million were reclassified from long and short-term financial instruments to financial assets at fair value - other comprehensive income on January 1, 2018.

(iii) Reclassification from available-for-sale to financial assets at fair value - profit or loss

As at January 1, 2018, investments in beneficiary certificates, fund, contingent convertible bonds and convertible bonds amounting to ₩ 390,393 million were reclassified from available-for-sale to financial assets at fair value - profit or loss. They do not meet the criteria to be classified as at amortized cost in accordance with Korean IFRS 1109, because their cash flows do not represent solely payments of principal and interest. Related accumulated other comprehensive income of ₩ 56,771 million were transferred to retained earnings on January 1, 2018. For the three-month period ended March 31, 2018, fair value gains related to these investments amounting to ₩ 4,098 million were recognized in profit, along with related deferred tax expense of ₩ 1,092 million.

(iv) Reclassification of equity instruments from available-for-sale to equity instruments at fair value - other comprehensive income

The Group elected to present changes in the fair value of its equity instruments previously classified as available-for-sale, because these instruments are not held for trading, in other comprehensive income. As a result, assets with a fair value of ₩ 577,080 million were reclassified to financial instruments at fair value - other comprehensive income. As at January 1, 2018, the related accumulated other comprehensive income of ₩ (-) 38,215 million will not be reclassified to profit or loss on the disposal of the financial assets and there are no financial assets disposed during the three-month period ended March 31, 2018.

(v) Reclassification from held-to-maturity financial assets to financial assets at amortized cost

Government bonds were reclassified from held-to-maturity financial assets to financial assets at amortized cost. The Group hold the assets to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

(vi) Reclassification of debt instruments from available-for-sale to debt instruments at fair value - other comprehensive income

Certain unlisted bonds were reclassified from available-for sale to debt instruments at fair value - other comprehensive income, as the Group's business model is achieved both by collecting contractual cash flows and selling of these assets. The contractual cash flows of these instruments are solely principal and interest. As a result, as at January 1, 2018, debt instruments with a fair value of ₩ 55,596 million were reclassified from available-for-sale financial assets to financial assets at fair value - other comprehensive income.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

(vii) Other financial assets

Securities linked derivatives and compound financial instruments are all required to be held as fair value through profit or loss under Korean IFRS 1109. In relation to these assets, there is no impact on the financial statements from the adoption of Korean IFRS 1109.

(viii) Reclassifications of financial instruments on adoption of Korean IFRS 1109

On the date of initial application, January 1, 2018, the reclassifications of the financial instruments of the Group were as follows:

(in thousands of Korean won)

	Korean IFRS 1039			Korean IFRS 1109	
	Measurement category	Measurement method	Amount	Measurement method	Amount
Cash and cash equivalents	Loans and receivables	Amortized costs	₩ 1,907,575,061	Amortized costs	₩ 1,907,575,061
Long and short-term financial instruments	Loans and receivables	Amortized costs	1,454,190,892	Amortized costs	1,129,826,351
				Fair value through other comprehensive income	84,417,886
				Fair value through profit or loss	244,722,674
Trade and other receivables	Loans and receivables	Amortized costs	1,101,072,454	Amortized costs	1,097,447,048
Available-for-sale financial assets (Debt securities)	Available-for-sale financial assets	Fair value through other comprehensive income	130,366,099	Fair value through other comprehensive income	55,596,038
				Fair value through profit or loss	74,770,061
Available-for-sale financial assets (Equity securities)	Available-for-sale financial assets	Fair value through other comprehensive income	839,899,428	Fair value through other comprehensive income	577,079,520
				Fair value through profit or loss	262,819,908
Available-for-sale financial assets (Others)	Available-for-sale financial assets	Fair value through other comprehensive income	52,802,640	Fair value through profit or loss	52,802,640
Held-to-maturity financial assets	Held-to-maturity financial assets	Amortized costs	2,660,696	Amortized costs	2,660,696
Financial assets at fair value through profit or loss	Financial assets at fair value through profit or loss	Fair value through profit or loss	313,683,892	Fair value through profit or loss	313,683,892
			<u>₩ 5,802,251,162</u>		<u>₩ 5,803,401,775</u>

(b) Impairment of Financial Assets

The Group has three types of financial assets subject to new expected credit loss model of Korean IFRS 1109:

- trade receivables and other receivables
- debt investments measured at fair value through other comprehensive income, and
- debt investments measured at amortized cost.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

Upon adoption of Korean IFRS 1109, accounting policies for recognition of impairment are changed. The impact of the change on the Group's beginning balance of retained earnings is disclosed in the table on Note 23 (a) above.

(i) Trade receivables and other receivables

The Group applies the simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables and other receivables.

(ii) Debt instruments

Debt investments at amortized cost and those at fair value through other comprehensive income are considered to be low credit risk, and thus the provision for impairment is determined as 12 months expected credit losses.

26.2 Adoption of Korean IFRS 1115 Revenue from contracts with customers

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

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

<i>(in thousands of Korean won)</i>	December 31, 2017 (before adjustments)	IFRS 9 adjustments	December 31, 2017 (after IFRS 9 adjustments)	IFRS 15 adjustments	December 31, 2017 (after adjustments)
Cash and cash equivalents	₩ 1,907,575,061	₩ -	₩ 1,907,575,061	₩ -	₩ 1,907,575,061
Long and short-term financial instruments	1,454,190,892	(322,017,349)	1,132,173,543	-	1,132,173,544
Trade and other receivables	1,101,072,454	(3,974,571)	1,097,097,883	(12,308,081)	1,084,789,802
Financial assets at fair value through profit or loss	313,683,892	(313,683,892)	-	-	-
Financial assets measured at fair value - profit or loss	-	948,799,175	948,799,175	-	948,799,175
Available-for-sale financial assets	1,023,068,167	(1,023,068,167)	-	-	-
Financial assets at fair value - other comprehensive income	-	716,738,951	716,738,951	-	716,738,951
Held-to-maturity financial assets	2,660,696	(2,660,696)	-	-	-
Property and equipment, and intangible assets	1,489,524,380	-	1,489,524,380	-	1,489,524,380
Investments in subsidiaries and associates	280,997,123	-	280,997,123	-	280,997,123
Deferred tax assets	248,493,530	(102,590)	248,390,940	2,342,752	250,733,693
Other assets	197,985,365	-	197,985,365	17,714,949	215,700,313
	<u>₩ 8,019,251,560</u>	<u>₩ 30,861</u>	<u>₩ 8,019,282,421</u>	<u>₩ 7,749,620</u>	<u>₩ 8,027,032,041</u>
Trade and other payables	₩ 782,376,629	₩ -	₩ 782,376,629	₩ -	₩ 782,376,629

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

<i>(in thousands of Korean won)</i>	December 31, 2017 (before adjustments)		IFRS 9 adjustments		December 31, 2017 (after IFRS 9 adjustments)		IFRS 15 adjustments		December 31, 2017 (after adjustments)	
Financial liabilities at fair value through profit or loss	₩	4,638,541	₩	-	₩	4,638,541	₩	-	₩	4,638,541
Borrowings		410,944,900		-		410,944,900		-		410,944,900
Current tax payable		305,730,913		-		305,730,913		-		305,730,913
Deferred tax liabilities		25,177,671		-		25,177,671		-		25,177,671
Net defined benefit liabilities		284,033,207		-		284,033,207		-		284,033,207
Provisions		40,663,394		-		40,663,394		4,821,979		45,485,373
Other liabilities		860,500,070		-		860,500,070		12,379,725		872,879,795
	₩	2,714,065,325	₩	-	₩	2,714,065,325	₩	17,201,704	₩	2,731,267,029
Share capital	₩	16,481,340	₩	-	₩	16,481,340	₩	-	₩	16,481,340
Share premium		1,507,878,511		-		1,507,878,511		-		1,507,878,511
Other components of equity		(1,317,531,623)		(64,481,726)		(1,382,013,349)		(306,323)		(1,382,319,672)
Retained earnings		4,555,517,868		64,512,587		4,620,030,455		(9,145,761)		4,610,884,694
Non-controlling interests		542,840,139		-		542,840,139		-		542,840,139
	₩	5,305,186,235	₩	30,861	₩	5,305,217,096	₩	(9,452,084)	₩	5,295,765,012

(a) Allocating the transaction price

With implementation of Korean IFRS 1115, the transaction price in an arrangement must be allocated to each separate performance obligation based on the relative standalone selling prices of the goods or services being provided to a customer. The Group determines the standalone selling price for each separate performance obligation by using observable standalone selling price.

As a result of the changes, retained earnings as at January 1, 2018, have increased by ₩ 2,681 million.

(b) A performance obligation is satisfied over time

Under the previous standard, the Group recognized contents revenue (Sticker) based on the usage pattern of users over the estimated usage period. Under Korean IFRS 1115, performance obligation is clearer and the Group recognizes revenue on a straight-line method over the estimated usage period.

As a result of the changes, retained earnings as at January 1, 2018, have decreased by ₩ 18,524 million.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

(c) Identify performance obligation

Under the previous standard, the Group recognized the fair value of LINE points granted to users in relation to LINE Point Ad service as deferred revenue until the time when utilized by the users, regarded as a customer loyalty program. Under Korean IFRS 1115, the definition of a “customer” is clarified and the Group determines the advertisers as customers for LINE Point Ad services, not the users who receive LINE Points. In addition, it is not regarded as a performance obligation in the contract with an advertiser to manage LINE Points or to provide users with other goods or services in exchange for the LINE Points. Therefore, the Group recognizes provisions for the expenses expected to be incurred in relation to the consumption of LINE Points under Korean IFRS 1115.

As a result of the changes, retained earnings as at January 1, 2018, have increased by ₩ 6,697 million.

(d) Principal versus Agent ; Contractual Incremental Costs

The Group enters into contracts with agencies with respect to services provided through LINE platform. Under previous standard, the Group recognized revenue by deducting the amounts attributable to agencies from the total consideration received from customers due to the fact that advertising agency was identified as an independent contractor and that the Group did not bear credit risks. With implementation of Korean IFRS 1115, the Group determines that the Group controls the service provided by agencies and thus the Group is a principal. In addition, the Group determined the commissions to agencies meets criteria of the incremental costs of obtaining a contract, which are specified in Korean IFRS 1115.

As a result of the changes, there are no changes in retained earnings as at January 1, 2018.

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

Consolidated Statement of financial position as of March 31, 2018

<i>(in thousands of Korean won)</i>	Reported amount	Adjustments	Amount before application of Korean IFRS 1115
Trade and other receivables	₩ 1,109,508,468	₩ 12,797,539	₩ 1,122,306,007
Other current assets	165,445,937	(17,285,530)	148,160,407
Other non-current assets	30,595,859	-	30,595,859
Deferred tax assets	236,454,033	(1,405,329)	235,048,704
Other assets	6,825,384,217	-	6,825,384,217
	<u>₩ 8,367,388,514</u>	<u>₩ (5,893,320)</u>	<u>₩ 8,361,495,194</u>
Trade and other payables	₩ 746,710,942	₩ -	₩ 746,710,942
Other current liabilities	983,334,749	(7,904,780)	975,429,969
Other non-current liabilities	1,157,706	-	1,157,706
Deferred tax liabilities	31,813,775	-	31,813,775
Provisions	40,970,179	(5,326,886)	35,643,293
Other liabilities	1,185,545,595	-	1,185,545,595

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
March 31, 2018 and 2017 (Unaudited), and December 31, 2017

<i>(in thousands of Korean won)</i>	Reported amount	Adjustments	Amount before application of Korean IFRS 1115
	<u>₩ 2,989,532,946</u>	<u>₩ (13,231,666)</u>	<u>₩ 2,976,301,280</u>
Retained earnings	₩ 4,733,637,020	₩ 7,067,945	₩ 4,740,704,965
Others	644,218,548	270,401	644,488,949
	<u>₩ 5,377,855,568</u>	<u>₩ 7,338,346</u>	<u>₩ 5,385,193,914</u>

Consolidated Statement of comprehensive income for the three-month period ended March 31, 2018

<i>(in thousands of Korean won)</i>	Reported amount	Adjustments	Amount before application of Korean IFRS 1115
Operating revenues	₩ 1,309,059,864	₩ (21,687,287)	₩ 1,287,372,577
Operating expenses	(1,052,079,300)	18,648,699	(1,033,430,601)
Operating profit	256,980,564	(3,038,588)	253,941,976
Profit before income tax	255,665,764	(3,038,588)	252,627,176
Income tax expense	(102,683,457)	960,772	(101,722,685)
Profit for the period	<u>₩ 153,751,654</u>	<u>₩ (2,077,816)</u>	<u>₩ 151,673,838</u>
Total comprehensive income for the period	₩ 237,460,727	₩ (2,113,738)	₩ 235,346,989

Consolidated Statement of cash flows income for the three-month period ended March 31, 2018

<i>(in thousands of Korean won)</i>	Reported amount	Adjustments	Amount before application of Korean IFRS 1115
Profit for the period	₩ 153,751,654	₩ (2,077,816)	₩ 151,673,838
Adjustments for			
Income tax expenses	102,683,457	(960,772)	101,722,685
Others	80,316,506	-	80,316,506
Changes in operating assets and liabilities			
Trade and other receivables	25,836,571	(487,385)	25,349,186
Other assets	(26,234,075)	(427,706)	(26,661,781)
Other liabilities	63,916,173	3,953,679	67,869,852
Others	(87,886,934)	-	(87,886,934)
Cash generated from operations	<u>₩ 312,383,352</u>	<u>₩ -</u>	<u>₩ 312,383,352</u>

24. Events after the Reporting Period

On April 2, 2018, the Group disposed of 51 % shares of LINE Mobile, a subsidiary, to SoftBank.