SAMSUNG Electronics Slovakia s.r.o.

Financial Statements
as at 31 December 2015
and for the year then ended

in accordance with International Financial Reporting Standards
(IFRS) as adopted by the European Union (EU)

(Translation from Slovak original)

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Translation of the statutory Auditor's Report originally prepared in Slovak language

Independent Auditor's Report

To the Owners and Directors of SAMSUNG Electronics Slovakia s.r.o.:

We have audited the accompanying financial statements of SAMSUNG Electronics Slovakia s.r.o. ("the Company"), which comprise the statement of financial position as at 31 December 2015, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management as represented by the statutory body is responsible for the preparation of these financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

22 January 2016
Bratislava, Slovak Republic

Slovenská komora audítorov
SKAU
Č.licencie 96
KPMG
Slovensko spol. s r.o.

Auditing company:
KPMG Slovensko spol. s r.o.
License SKAU No. 96

Responsible auditor:
Ing. Marek Žuffa
License UDVA No. 1086

SAMSUNG Electronics Slovakia s.r.o.
Statement of profit or loss and other comprehensive income
for the year ended 31 December 2015

In thousands of euro	*Note*	**Year ended 31 December 2015**	**Year ended 31 December 2014**
Revenue	*6*	2 770 721	3 047 532
Cost of sales	*7*	(2 630 522)	(2 901 118)
Gross profit		**140 199**	**146 414**
Administrative and selling expenses	*8*	(26 814)	(26 826)
Operating profit		**113 385**	**119 588**
Finance costs	*9*	(19 282)	(8 287)
Finance income	*9*	17 853	7 409
Other non-operating income / (expense)		825	133
Profit before tax		**112 781**	**118 843**
Income tax expense	*10*	(25 940)	(16 547)
Profit for the period		**86 841**	**102 296**
Other comprehensive income			
Other comprehensive income, net of tax		-	-
Total comprehensive income for the period		**86 841**	**102 296**

The notes on pages 5 to 30 are an integral part of these financial statements.

In thousands of euro	*Note*	31 December 2015	31 December 2014
Assets			
Property, plant and equipment	*11*	54 329	65 937
Intangible assets	*12*	908	1 177
Other receivables		-	41
Deferred tax asset	*13*	3 305	2 390
Total non-current assets		**58 542**	**69 545**
Inventories	*14*	339 751	203 975
Trade and other receivables	*15*	298 864	371 514
Current tax receivable		-	1 560
Cash and cash equivalents	*16*	777 499	752 335
Total current assets		**1 416 114**	**1 329 384**
Total assets		**1 474 656**	**1 398 929**
Equity			
Share capital	*17*	43 098	43 098
Legal reserve fund	*17*	4 310	4 310
Retained earnings		1 135 271	1 048 430
Total equity		**1 182 679**	**1 095 838**
Liabilities			
Interest bearing loans and borrowings	*18*	1 031	-
Trade and other payables	*20*	282 832	303 091
Current tax payable		8 114	-
Total current liabilities		**291 977**	**303 091**
Total liabilities		**291 977**	**303 091**
Total equity and liabilities		**1 474 656**	**1 398 929**

The notes on pages 5 to 30 form an integral part of these financial statements.

In thousands of euro	Share capital (Note 17)	Legal reserve fund (Note 17)	Retained earnings	Total
Balance as of 1 January 2014	**43 098**	**4 310**	**946 134**	**993 542**
Increase in share capital	-	-	-	-
Contribution to legal reserve fund	-	-	-	-
Total comprehensive income for the year ended 31 December 2014	-	-	102 296	102 296
Balance as of 31 December 2014	**43 098**	**4 310**	**1 048 430**	**1 095 838**
Balance as of 1 January 2015	**43 098**	**4 310**	**1 048 430**	**1 095 838**
Increase in share capital	-	-	-	-
Contribution to legal reserve fund	-	-	-	-
Total comprehensive income for the year ended 31 December 2015	-	-	86 841	86 841
Balance as of 31 December 2015	**43 098**	**4 310**	**1 135 271**	**1 182 679**

The notes on pages 5 to 30 are an integral part of these financial statements.

In thousands of euro	*Note*	Year ended 31 December 2015	Year ended 31 December 2014
Cash flows from operating activities			
Profit for the period		86 841	102 296
Adjustments for:			
Depreciation	*7, 8*	30 783	30 568
Write-off of inventory	*14*	12 639	13 291
Creation of provision to inventory		1 715	29
Net financing income		-	(130)
Net foreign exchange unrealized differences expense / (income)		(134)	267
Loss (gain) on revaluation of currency forwards		149	(205)
Income tax expense	*10*	25 940	16 547
Loss (gain) on sale of property, plant and equipment		(146)	60
Operating profit before changes in working capital and provisions		**157 787**	**162 723**
Increase in inventories		(150 130)	(6 754)
Decrease / (increase) in receivables		72 626	(46 943)
Increase / (decrease) in payables		(16 885)	85 941
Cash generated from operations		**63 398**	**194 967**
Interest received		-	130
Income taxes paid		(17 179)	(13 573)
Net cash from operating activities		**46 219**	**181 524**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		1 282	330
Acquisition of property, plant and equipment		(23 368)	(36 656)
Net cash used in investing activities		**(22 086)**	**(36 326)**
Cash flows from financing activities			
Repayment of borrowings other than overdraft		-	-
Receipts from borrowings other than overdraft		-	-
Net cash from (used in) financing activities		-	-
Net increase in cash and cash equivalents		24 133	145 198
Cash and cash equivalents at 1 January		752 335	607 137
Cash and cash equivalents at 31 December		**776 468**	**752 335**
Cash and cash equivalents:			
Cash in banks	*16*	752 335	607 137
Bank overdrafts	*18*	-	-
Balance as at 1 January		**752 335**	**607 137**
Cash in banks	*16*	777 499	752 335
Bank overdrafts	*18*	(1 031)	-
Balance as at 31 December		**776 468**	**752 335**

The notes on pages 5 to 30 are an integral part of these financial statements.

1. Reporting entity

SAMSUNG Electronics Slovakia s.r.o. (hereinafter referred to as "the Company") was established on 30 May 2002 and was registered as a limited liability Company in the Commercial Register of the Slovak Republic on 10 June 2002 under the identification number 36 249 564 at the legal address:

SAMSUNG Electronics Slovakia s.r.o.

Hviezdoslavova 807

924 27 Galanta

The principal activities of the Company comprise manufacturing of visual displays.

These individual financial statements have been prepared as at 31 December 2015 and for the year then ended and were prepared and authorized for issue by the Company's directors on 21 January 2016.

The Company's bodies:

Directors	Kyung Jin Kim
	Kangkil Lee (until 30 January 2015)
	Yeon Joon Kim (from 30 January 2015)

Information about the ultimate parent

The Company is consolidated into the financial statements of SAMSUNG Electronics Co. Ltd., 129, Samsung-ro, Yeongtong-gu, Suwon-si, Gyeonggi-do, Korea. These consolidated financial statements are available at the registered office of this company.

2. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

(b) Basis of measurement

The financial statements have been prepared using the accrual principle and going concern assumption that the Company will continue in operation for the foreseeable future.

The financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value.

(c) Functional currency

The financial statements are presented in euro (EUR), which is the Company's functional currency, and are rounded to the nearest thousand.

(d) Use of estimates and judgment

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical

experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, quantitative information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

- Note 11 – Impairment of property, plant and equipment
- Note 14 – Net realizable value of inventories

Impairment of property, plant and equipment
Factors considered important to identify possible impairment include the following:
- Technological advancements in the industry;
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of our use of the acquired assets or the strategy for our overall business;
- Obsolescence of products.

When we determine that the carrying value of property, plant and equipment may not be recoverable based upon the existence of one or more of the above indicators of impairment, any impairment is measured based on our estimates of projected net discounted cash flows expected to result from that asset, including eventual disposition. Our estimated impairment could prove insufficient if our analysis overestimated the cash flows or conditions change in the future.

Allowance for slow-moving and obsolete inventory
The Company evaluates the recoverability of the inventory on a case-by-case basis and makes adjustments to the inventory provision based on the estimates of expected losses. Inventory for which no further processing or re-processing can be performed is written-off. The Company also considers recent trends in revenues for various inventory items and instances where the realizable value of inventory is likely to be less than its carrying value.

(e) Current tax receivable, payable

The management of the Company has reassessed the presentation of the current tax receivable, payable balance, which were included within trade and other receivables in preceding reporting period. In current reporting period such amount is presented as a separate line item in the Statement of financial position. The comparatives have been adjusted to reflect the current presentation.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Foreign currency

Transactions in foreign currencies are translated to euro at the foreign exchange rate ruling at the date of the accounting transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to euro at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to euro at foreign exchange rates ruling at the dates the fair value is determined. Foreign exchange differences arising on retranslation are recognized in profit or loss.

b) Financial instruments

i. Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date, at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets: loans and receivables, cash and cash equivalents.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest rate method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

ii. Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: bank overdrafts, trade and other payables and current tax payable.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest rate method.

iii. Derivative financial instruments

Derivative financial instruments are used to economically hedge the Company's exposure to foreign exchange risks arising from operational, financing and investment activities. However, as no derivatives qualify for hedge accounting under IFRS as adopted by the EU they are accounted for as trading instruments. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognized initially at fair value and subsequent to initial recognition, they are re-measured to their fair value. The gain or loss on re-measurement to fair value is recognized immediately in profit or loss as part of finance cost or finance income. Any attributable transaction costs are recognized in profit or loss when incurred.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

c) Property, plant and equipment

i. Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and accumulated impairment losses (see accounting policy f). The cost of self-constructed assets includes the cost of materials, direct labor, any other costs directly attributable to bringing the asset to working condition for its intended use, and, where relevant, the costs of dismantling and removing the items and restoring the site on which they are located.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other non-operating income/(expense) in profit or loss.

ii. Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the Company's statement of financial position.

iii. Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iv. Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land and assets under construction are not depreciated.

The estimated useful lives are as follows:

• buildings	20 years
• plant and equipment	5 years
• information technology	5 years
• moulds	13 months

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

d) Intangible assets

i. Owned assets

Intangible assets acquired by the Company have finite useful lives and are measured at cost less accumulated amortization and accumulated impairment losses (see accounting policy f).

ii. Subsequent costs

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other costs are recognised in profit or loss as incurred.

iii. Amortization

Amortization is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of intangible assets. The amortization commences in the month when the asset was put into use. The estimated useful lives are as follows:

• software	5 years

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

e) Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the weighted average cost formula (except material in transit) and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred bringing them to their existing location and condition. The cost of material in transit is based on actual costs. In the case of manufactured inventories of finished goods, semi finished goods and work in progress cost includes an appropriate share of production overheads based on normal operating capacity.

f) Impairment

Financial assets
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets
The carrying amounts of the Company's non-financial assets, other than inventories (see accounting policy e) and deferred tax asset (see accounting policy k), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of the assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable asset group that generates cash inflows that are largely independent from other assets and groups. Impairment losses are recognized in profit or loss.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

g) Dividends

Dividends are recognized as a liability in the period in which they are declared.

h) Provisions

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

i) Revenue

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale. For most sales, transfer usually occurs when the product is handed over to a customer at the Company's warehouse (Ex works and Free carrier delivery condition).

j) Expenses

i. Operating lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized in profit or loss as an integral part of the total lease expense.

ii. Finance costs and finance income

Finance costs and finance income comprise interest expense on borrowings calculated using the effective interest rate method, interest income on funds invested, foreign exchange gains and losses, and gains and losses on derivative instruments that are recognized in profit or loss.

Interest income and expense are recognized in profit or loss as they accrue, using the effective interest rate method.

k) Income tax

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet method, recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences relating to the initial recognition of assets or liabilities in a transaction that is not a business combination and that affect neither accounting nor taxable profit are not provided for. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

l) Employee benefits

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

m) New standards

The following new Standards and Interpretations are not yet effective for the annual period ended 31 December 2015 and have not been applied in preparing these financial statements.

- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (Effective for annual periods beginning on or after 1 January 2016; to be applied prospectively. Early application is permitted.) These Amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interests in the joint operation will not be remeasured.
It is expected that the Amendments, when initially applied, will not have a material impact on the Company's financial statements because the Company has an existing accounting policy to account for acquisitions of joint operations in a manner consistent with that set out in the Amendments.

- Amendments to IAS 1 (Effective for annual periods beginning on or after 1 January 2016. Early application is permitted.) The Amendments to IAS 1 include the following five, narrow-focus improvements to the disclosure requirements contained in the standard. The guidance on materiality in IAS 1 has been amended to clarify that: immaterial information can detract from useful information, materiality applies to the whole of the financial statements and materiality applies to each disclosure requirement in an IFRS. The guidance on the order of the notes (including the accounting policies) have been amended, to: remove language from IAS 1 that has been interpreted as prescribing the order of notes to the financial statements and clarify that entities have flexibility about where they disclose accounting policies in the financial statements.
The Company expects that the amendments, when initially applied, will not have a material impact on the presentation of the financial statements of the Company.

- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization. (Effective for annual periods beginning on or after 1 January 2016; to be applied prospectively. Early application is permitted).

Revenue-based depreciation banned for property, plant and equipment
The amendments explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment.

New restrictive test for intangible assets
The amendments introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.
It is expected that the Amendments, when initially applied, will not have material impact on the Company's financial statements as the Company does not apply revenue-based methods of amortization/depreciation.

- Amendments to IAS 16 Property Plant and Equipment and IAS 41 Agriculture (Effective for annual periods beginning on or after 1 January 2016. Earlier application is permitted.) These amendments result in bearer plants being in the scope of IAS 16 Property, Plant and Equipment, instead of IAS 41 Agriculture, to reflect the fact that their operation is similar to that of manufacturing.
The Company does not expect that the amendments, when initially applied, will have material impact on the financial statements as the Company has no bearer plants.

- Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions (Effective for annual periods beginning on or after 1 February 2015. The amendments apply retrospectively. Earlier application is permitted.) The amendments are relevant only to defined benefit plans[1] that involve contributions from employees or third parties meeting certain criteria. Namely that they are: set out in the formal terms of the plan, linked to service; and independent of the number of years of service.
The Company does not expect the Amendment to have any impact on the financial statements since it does have any defined benefit plans that involve contributions from employees or third parties.

- Amendments to IAS 27: Equity method in the separate financial statements (Effective for annual periods beginning on or after 1 January 2016 and apply retrospectively. Early application is permitted.) The amendments to IAS 27 allow an entity to use the equity method in its separate financial statements to account for investments in subsidiaries, associates and joint ventures.
The Company does not expect that the amendments, when initially applied, will have material impact on the financial statements as the Company does not have an investments in subsidiaries, associates or joint ventures.

- Annual Improvements to IFRSs
The improvements introduce ten amendments to ten standards and consequential amendments to other standards and interpretations. These amendments are applicable to annual periods beginning on or after either 1 February 2015 or 1 January 2016, with earlier adoption permitted.
None of these amendments are expected to have a significant impact on the financial statements of the Company.

4. Fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

Trade and other receivables
The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Derivatives
The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial liabilities
Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

The fair value of trade and other receivables, cash and cash equivalents and non-derivative financial liabilities does not significantly differ from their carrying amounts.

[1] Post-employment defined benefit plans or other long-term employee defined benefit plans

5. Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments and from its operations:

- credit risk
- liquidity risk
- market risk
- operational risk

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

Risk management framework

The Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Directors monitor compliance with the Company's risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks faced by the Company.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

Trade and other receivables

Approximately 91 percent of the Company's revenue is attributable to sales transactions with a single customer that is a related party - Samsung Electronics Europe Logistics B.V. This is due to Samsung Headquarter's decision that the Company has to sell the majority of its products via a special entity that concentrates on logistics services. In the past, the Company has never suffered losses from Samsung Electronics Europe Logistics B.V.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past due nor impaired is shown in the following table:

In thousands of euro	**31 December 2015**	**31 December 2014**
Group 1	-	3
Group 2	298 864	371 511
Group 3	-	-
	298 864	**371 514**

Group 1 – new customers (less than 6 months)
Group 2 – existing customers (more than 6 months) with no defaults in the past
Group 3 – existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers outside the Samsung Electronics group requiring credit. The Company does not require collateral in respect of financial assets.

The carrying amount of financial assets, including derivative financial instruments represents the maximum accounting loss that would be recognised at the balance sheet date if counterparties failed to perform completely as contracted and any collateral or security proved to be of no value. The amount therefore greatly exceeds expected losses.

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Company. Transactions involving derivative financial instruments are with counterparties recommended by headquarter based on their sound credit ratings. Given their high credit ratings, management does not expect any counterparty to derivative transactions to fail to meet its obligations.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main component of this allowance is a specific loss component that relates to individually significant exposures.

Liquidity risk

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

The Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains access to group cash-pool accounts.

Market risk

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

Currency risk

The Company is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the Euro. The currencies giving rise to this risk are primarily the U.S. Dollars (USD).

From time to time the Company hedges its open position of monetary assets and liabilities repayable in foreign currencies using forward exchange contracts. The foreign currency exposure in respect of forecasted sales and purchases is not hedged. In respect of other monetary assets and liabilities held in currencies other than the functional currency, the Company ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

It is estimated that an increase/decrease of one percentage point in the value of the euro against other foreign currencies as at 31 December 2015 would change the Company's profit before tax by approximately EUR 225 thousand (31 December 2014: EUR 117 thousand).

Interest rate risk

Management has entered into loan contracts which are exposed to floating interest rates in the normal course of business. The Company does not enter into derivative contracts to manage interest rate risk. This is performed by the parent Company on the Group basis. Loan contracts which are exposed to fixed interest rates do not have an impact on interest rate risk.

An increase or decrease of interest rate (libor) by 100 basis points, considering all other factors remain unchanged, would not significantly affect profit before tax for the period ended 31 December 2015 and 31 December 2014.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to Directors and senior management. This responsibility is supported by the development of overall Company standards for the management of operational risk.

Capital management

The Company defines capital as its Equity. The Company's policy is to maintain a strong capital base so as to sustain future development of the business. The Company does not provide any employees shares. There were no changes in the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

6. Revenue

Revenue according to the main divisions is presented in the table below:

In thousands of euro	**Year ended 31 December 2015**	**Year ended 31 December 2014**
LCD TV – LED	2 356 410	2 509 432
LCM panels	201 783	374 321
LCD Large Format Displays	137 866	113 922
Subtotal – Sale of finished goods	**2 696 059**	**2 997 675**
Sale of raw material	65 519	42 926
Semi-finished goods	9 143	6 931
Total	**2 770 721**	**3 047 532**

The major portion of the revenue represents LCD TVs – LED. The company also produces LCM panels for the purposes of own TV production and for sale to other Samsung group entities.

7. Cost of sales

Cost of sales comprises:

In thousands of euro	**Year ended 31 December 2015**	**Year ended 31 December 2014**
Material	2 540 618	2 808 364
Depreciation and amortization	29 473	29 290
Personnel expenses	23 020	23 236
Other	37 411	40 228
Total	**2 630 522**	**2 901 118**

The average number of employees for the year ended 31 December 2015 was 1 439 out of that 2 directors (year ended 31 December 2014: 1 444 out of that 2 directors).

8. Administrative and selling expenses

In thousands of euro	Year ended 31 December 2015	Year ended 31 December 2014
Personnel expenses	7 932	8 274
Service charges	4 584	6 198
Transportation	4 010	3 954
Depreciation and amortization	1 310	1 278
Other	8 978	7 132
	26 814	**26 826**

9. Finance costs and income

Recognized in profit or loss

In thousands of euro	Year ended 31 December 2015	Year ended 31 December 2014
Interest expense	-	-
Interest income	-	130
Net interest income (expense)	-	130
Foreign exchange losses	(14 248)	(6 552)
Foreign exchange gains	7 397	2 524
Net foreign exchange gains (losses)	(6 851)	(4 028)
Losses from forex forward transactions	(5 034)	(1 735)
Gains from forex forward transactions	10 456	4 755
Net gains (losses) from forex forward transactions	5 422	3 020
Total	**(1 429)**	**(878)**
Presented as:		
Finance costs	(19 282)	(8 287)
Finance income	17 853	7 409

10. Income tax expense

In thousands of euro	Year ended 31 December 2015	Year ended 31 December 2014
Current tax expense		
Current tax charge	25 650	16 333
Adjustment for prior years	1 204	(39)
Subtotal	**26 854**	**16 294**
Deferred tax expense		
Origination and reversal of temporary differences	(914)	253
Total income tax expense in statement of profit and loss and other comprehensive income	**25 940**	**16 547**

Reconciliation of the effective tax rate

In thousands of euro	2015	%	2014	%
Profit before tax	112 781		118 843	
Income tax using the domestic corporate tax rate	24 812	22.0%	26 145	22.0%
Changes in estimates related to prior years	778	0.7%	(39)	(0.0)%
Permanent differences	350	0.3%	328	0.2%
State aid	-	0.0%	(9 900)	(8.3)%
Change in tax rate	-	0.0%	13	(0.0)%
Total income tax expense in statement of profit and loss and other comprehensive income	**25 940**	**23.0%**	**16 547**	**13.9%**

The Company was granted state aid in 2012 in the amount of EUR 19 800 thousand, of which EUR 9 900 thousand has been utilized in the year 2014. Accordingly the Company has decreased its current tax charge.

11. Property, plant and equipment

In thousands of euro	Land and buildings	Plant and equipment	Information technology and other	Under construction	Total
Cost					
Balance as at 1 January 2014	53 168	160 020	4 194	5 976	223 358
Acquisitions	2 747	26 009	1 438	3 640	33 834
Transfers	872	5 086	5	(5 963)	-
Disposals	(246)	(8 704)	(300)	-	(9 250)
Balance as at 31 December 2014	**56 541**	**182 411**	**5 337**	**3 653**	**247 942**
Balance as at 1 January 2015	56 541	182 411	5 337	3 653	247 942
Acquisitions	530	17 335	676	1 357	19 898
Transfers	2	3 638	-	(3 640)	-
Disposals	-	(35 311)	(42)	-	(35 353)
Balance as at 31 December 2015	**57 073**	**168 073**	**5 971**	**1 370**	**232 487**
Depreciation and impairment losses					
Balance as at 1 January 2014	19 312	138 345	2 720	-	160 377
Depreciation charge for the period	2 648	26 963	729	-	30 340
Transfers	-	-	-	-	-
Disposals	(87)	(8 341)	(284)	-	(8 712)
Balance as at 31 December 2014	**21 873**	**156 967**	**3 165**	**-**	**182 005**
Balance as at 1 January 2015	21 873	156 967	3 165	-	182 005
Depreciation charge for the period	2 754	26 986	761	-	30 501
Transfers	-	-	-	-	-
Disposals	-	(34 327)	(21)	-	(34 348)
Balance as at 31 December 2015	**24 627**	**149 626**	**3 905**	**-**	**178 158**
Carrying amounts					
As at 1 January 2014	33 856	21 675	1 474	5 976	62 981
As at 31 December 2014	**34 668**	**25 444**	**2 172**	**3 653**	**65 937**
As at 1 January 2015	34 668	25 444	2 172	3 653	65 937
As at 31 December 2015	**32 446**	**18 447**	**2 066**	**1 370**	**54 329**

Impairment loss
No impairment losses have been recognized as of 31 December 2015 and 31 December 2014.

Insurance
Property, plant and equipment is insured against damage caused by fire up to EUR 164 937 thousand and against mechanical and electric damage up to EUR 88 257 thousand (31 December 2014: EUR 178 536 thousand and EUR 83 319 thousand respectively).

Security
No property, plant and equipment is pledged or subject to any other form of security as at 31 December 2015 and 31 December 2014.

12. Intangible assets

In thousands of euro	Software	Total
Cost		
Balance as at 1 January 2014	-	-
Acquisitions	1 405	1 405
Transfers	-	-
Disposals	-	-
Balance as at 31 December 2014	**1 405**	**1 405**
Balance as at 1 January 2015	1 405	1 405
Acquisitions	13	13
Transfers	-	-
Disposals	-	-
Balance as at 31 December 2015	**1 418**	**1 418**
Amortization and impairment losses		
Balance as at 1 January 2014	-	-
Amortization charge for the period	228	228
Transfers	-	-
Disposals	-	-
Balance as at 31 December 2014	**228**	**228**
Balance as at 1 January 2015	228	228
Amortization charge for the period	282	282
Transfers	-	-
Disposals	-	-
Balance as at 31 December 2015	**510**	**510**
Carrying amounts		
As at 1 January 2014	-	-
As at 31 December 2014	**1 177**	**1 177**
As at 1 January 2015	1 177	1 177
As at 31 December 2015	**908**	**908**

13. Deferred tax

Recognized deferred tax assets are attributable to the following:

In thousands of euro	31 December 2015	31 December 2014
Property, plant and equipment	1 489	1 676
Inventories	523	146
Other items	1 293	568
Total	**3 305**	**2 390**

All movements in temporary differences were recognized in profit or loss during the relevant periods. The Company has no unrecognized deferred tax assets and liabilities as at 31 December 2015 and 31 December 2014.

14. Inventories

In thousands of euro	31 December 2015	31 December 2014
Raw materials and consumables	334 925	200 394
Work in progress, semi-finished, finished goods and merchandise	4 826	3 581
Total	**339 751**	**203 975**

During the year ended 31 December 2015 raw materials, consumables and changes in finished good and work in progress recognised as cost of sales amounted to EUR 2 540 618 thousand (year ended 2014: EUR 2 808 364 thousand).

As at 31 December 2015 the Company has recorded an inventory obsolescence provision in the amount of EUR 2 379 thousand (31 December 2014: EUR 664 thousand). The Company has recorded an inventory obsolescence charge (inventory write off) during the year ended 31 December 2015 amounting to EUR 12 639 thousand (year ended 2014: EUR 13 291thousand).

15. Trade and other receivables

In thousands of euro	31 December 2015	31 December 2014
Trade receivables (due from related parties)	260 279	316 498
VAT receivable	17 324	33 315
Other receivables	21 261	21 701
Subtotal	298 864	371 514
Less: Allowance for bad and doubtful debts	-	-
Total	**298 864**	**371 514**

Most of the trade and other receivables are determined in EUR, as can be seen from the following table:

In thousands of euro	31 December 2015 Balance recalculated to EUR thousand	%	31 December 2014 Balance recalculated to EUR thousand	%
EUR	293 355	98.2%	358 847	96.6%
USD	5 509	1.8%	12 667	3.4%
Total	**298 864**	**100%**	**371 514**	**100%**

The aging of receivables is provided in the table below:

In thousands of euro	31 December 2015			31 December 2014		
	Gross	%	Impairment	Gross	%	Impairment
Not past due	297 849	99.6%	-	371 513	100%	-
Past due 0-30 days	-	0.0%	-	1	0.0%	-
Past due 31-180 days	1 015	0.4%	-	-	0.0%	-
More than 180 days	-	0.0%	-	-	0.0%	-
Total	**298 864**	**100%**	**-**	**371 514**	**100%**	**-**

No bad debt provision was recorded as at 31 December 2015 and 31 December 2014.

The Company faces a customer concentration risk as 79% of trade and other receivables and 91% of revenues during the year ended 31 December 2015 (31 December 2014: 67% and 87% respectively) has been generated by one related party, Samsung Electronics Logistic Center B.V.

16. Cash and cash equivalents

In thousands of euro	31 December 2015	31 December 2014
Bank balances (held in EUR)	777 499	752 287
Bank balances (held in USD)	-	48
Cash and cash equivalents	**777 499**	**752 335**
Bank overdrafts used for cash management purposes (held in USD)	(1 031)	-
Cash and cash equivalents in the statement of cash flows	**776 468**	**752 335**

The Company operates under a Multi Entity Cash Pooling arrangement signed between Citibank, N.A. and various companies within the Samsung group and which is maintained by Samsung Electronics European Holding (SEEH).

Included in the total amount of cash and cash equivalents is an amount of EUR 5 thousand (31 December 2014: EUR 6 thousand) held on the accounts open with bank SLSP Bratislava, Slovakia and EUR 777 494 thousand (31 December 2014: EUR 752 329 thousand) zero balance pooling to SEEH.

As of 31 December 2015 there were bank guarantees provided for the Company in favor of the Custom's office in amount of EUR 49 790 thousand (31 December 2014: EUR 49 790 thousand).

17. Capital and reserves

Share capital

The total authorized, issued and outstanding share capital of the Company amounts to EUR 43 098 thousand as of 31 December 2015 and 31 December 2014. The ownership structure of the Company is as follows:

	Contribution (EUR thousand)	Share and voting rights (%)
SAMSUNG Electronics Magyar Zártkörűen Működő Részvénytársaság, Samsung tér 1, Jászfényszaru 5216, Hungary	20 938	49%
SAMSUNG Electronics Co. Ltd., 129, Samsung-ro, Yeongtong-gu, Suwon-si, Gyeonggi-do, Korea	22 160	51%
Total	**43 098**	**100%**

The share capital is fully paid up.

The equity holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company.

Legal reserve fund

The Company is obliged by Slovak law to create a legal reserve in the minimum amount of 5% of net profit (annually) and up to a minimum of 10% of the registered share capital.

As at 31 December 2015 the legal reserve fund balance reached the amount of 10% of the share capital which is the minimum amount as required by law.

18. Interest bearing loans and borrowings

In thousands	Year of maturity	Face value 31 December 2015 (in thousands of currency)	Carrying amount 31 December 2015 (in thousands of euro)	Face value 31 December 2014 (in thousands of currency)	Carrying amount 31 December 2014 (in thousands of euro)
Current liabilities					
Overdraft (held in USD)	n/a	1 122	1 031	-	-
Interest bearing loans and borrowings		**1 122**	**1 031**	**-**	**-**

The Company has an intercompany overdraft facility with the annual interest rate 0.3%, which is used mainly for the purposes of cash management related to raw material purchases.

More information about the Company`s exposure to interest rate risk, refer to Note 5.

19. Employee benefits

The Company has no significant defined contribution plan (apart from legal social contribution), defined benefit plan or any other long-term employee benefits. Short-term employee benefits as at 31 December 2015 amounted to EUR 4 747 thousand (31 December 2014: EUR 4 885 thousand) and comprise wages and salaries payable including social and health contributions, accrual for untaken vacation and accrual for bonuses. Short-term employee benefits are presented within trade and other payables in the statement of financial position.

20. Trade and other payables

In thousands of euro	31 December 2015	31 December 2014
Trade payables	268 465	278 060
Other payables	14 367	25 031
Total	**282 832**	**303 091**

The contractual cash flows equal to the carrying amount of the trade and other payables presented at the end of the reporting period and the maturities are within three months.

Most of the trade and other payables are determined in EUR, as can be seen from the following table:

In thousands of euro	31 December 2015 Balance recalculated to EUR thousand	%	31 December 2014 Balance recalculated to EUR thousand	%
EUR	228 578	80.8%	268 495	88.6%
USD	54 254	19.2%	34 596	11.4%
Total	**282 832**	**100%**	**303 091**	**100%**

Structure of payables according to maturity

The structure of payables (except for loans and borrowings and current tax payable) is shown in the table below:

In thousands of euro	31 December 2015	31 December 2014
Payables overdue	114	80
Payables due within 1 year	282 718	303 011
Total trade and other payables	**282 832**	**303 091**

The Company's exposure to currency and liquidity risk related to trade and other payables is further described in note 5 of these financial statements.

Social fund

In other payables are also presented social fund liabilities, their creation and drawing during the period are presented in the table below:

In thousands of euro	Year ended 31 December 2015	Year ended 31 December 2014
Balance at beginning of the period	30	331
Recognized as expenses	174	196
Drawing	(174)	(497)
Balance at end of the period	**30**	**30**

21. Financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Company's business. Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates.

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

In thousands of euro	31 December 2015	31 December 2014
Cash and cash equivalents	777 499	752 335
Receivables	298 793	372 683
Foreign exchange forward contracts	71	391
Total exposure	**1 076 363**	**1 125 409**

Impairment losses

Impairment losses are described in note 15.

Liquidity risk

The following are the contractual maturities of financial assets and financial liabilities:

In thousands of euro	Carrying amount	Contractual cash-flows	3 months or less	3-6 months	More than 6 months
Non-derivative financial assets					
Cash and cash equivalents	777 499	777 499	777 499	-	-
Receivables	298 793	298 793	298 793	-	-
Derivative financial assets					
Foreign exchange forward contracts	71	71	71	-	-
Non-derivative financial liabilities					
Interest bearing loans and borrowings	(1 031)	(1 031)	(1 031)		
Trade and other payables	(282 612)	(282 612)	(282 612)	-	-
Current tax payable	(8 114)	(8 114)	(8 114)		
Derivative financial liabilities					
Foreign exchange forward contracts	(220)	(220)	(220)	-	-
Total	**784 386**	**784 386**	**784 386**	**-**	**-**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Currency risk

The Group's exposure to foreign currency risk as at 31 December 2015 and 31 December 2014 was as follows based on notional amounts:

In thousands of currency	31 December 2015 USD	31 December 2014 USD
Cash and cash equivalents	-	58
Receivables	5 997	15 379
Trade and other payables	(59 066)	(42 003)
Interest bearing loans and borrowings	(1 122)	-
Gross exposure	*(54 191)*	*(26 566)*
Foreign exchange forward contracts	29 473	12 230
Net exposure	**(24 718)**	**(14 336)**

Interest rate risk

More information about the Company`s exposure to interest rate risk, refer to Note 5.

Recognized assets and liabilities

The fair value of forward exchange contracts as at 31 December 2015 was a loss of EUR 149 thousand (31 December 2014: gain of EUR 205 thousand). These amounts are included among trade and other receivables and payables respectively.

Fair values

Due to either short-term maturities or usage of floating interest rates fair values of all monetary and financial assets, monetary and financial liabilities and derivatives approximate their carrying amounts shown in the statement of financial position.

22. Operating leases - Leases as Lessee

The Company leases cars, a warehouse, forklifts and office equipment under operating leases. The leases are typically valid for a period of one to two years.

Non-cancellable operating lease rentals are payable as follows:

In thousands of euro	31 December 2015	31 December 2014
Less than one year	1 106	1 108
Between one and five years	4 424	4 431
More than five years	-	-
Total	**5 530**	**5 539**

Assets under operating leases are not subject to a sublease.

During the year ended 31 December 2015 an amount of EUR 1 106 thousand was recognised as an expense in profit or loss in respect of operating leases (year ended 31 December 2014: EUR 1 108 thousand).

23. Capital commitments

There are no significant capital commitments as at 31 December 2015 and 31 December 2014.

24. Contingencies

Many parts of Slovak tax legislation remain untested and there is uncertainty about the interpretation that the tax authorities may apply in a number of areas. The effect of this uncertainty cannot be quantified and will only be resolved as legislative precedents are set or when the official interpretations of the authorities are available. Management is not aware of any circumstances that would cause any significant costs for the Company.

25. Related parties

Identity of related parties

The Company has a related party relationship with its parent (Samsung Electronics Co. Ltd) and other group companies within the Samsung Electronics group and with its directors and executive officers. The ultimate controlling party is SAMSUNG Electronics Co. Ltd.

Transactions with key management personnel

There have been no transactions with key management personnel, except their salaries (included in the caption of administrative and selling expense in profit or loss) in the amount of EUR 894 thousand for the year ended 31 December 2015 (year ended 31 December 2014: EUR 1 082 thousand).

Other related party transactions

The Company carried out various transactions with the following related parties within the Samsung Electronics group:

SAMSUNG Electronics Co. Ltd., Korea; SAMSUNG International Inc., USA; SAMSUNG Electronics Hungarian RT., Hungary; SAMSUNG Electronics Europe Logistics BV, Netherlands; Samsung Display Slovakia s.r.o, Slovakia; SAMSUNG Electronics Display, Malaysia; Samsung Vina Electronics Co., Ltd., Vietnam; Samsung India Electronics Private Ltd., India; Samsung Electronics Huizhou Co., Ltd., China; Tianjin SAMSUNG Electronics Co. Ltd., China; Samsung Electronics Egypt, Egypt; Samsung Electronics South Africa Production Limited, South Africa; Samsung Electronics Turkey, Turkey; Samsung Electronica da Amazonia Ltda., Brazil; Samsung Electronics Ukraine Company, Ukraine; LLC Samsung Electronics Rus Kaluga, Russia; Samsung Electronics Japan, Japan; SAMSUNG Electronics America Inc., U.S.A.; SAMSUNG Electronics Ltd., UK; SAMSUNG Semiconductor Europe GmbH, Germany; Samsung Electronics France S.A.S., France; Samsung Electronics Czech and Slovak s.r.o., Czech republic; Samsung Electronics Benelux B.V., Netherlands; SAMSUNG Asia Private Limited, Singapore; Thai Samsung Electronics Co., Ltd., Thailand; SAMSUNG Electronics Hong Kong Co. Ltd., China; SAMSUNG Electronics Taiwan Co. Ltd., Taiwan; Samsung Electro-Mechanics Co., Ltd., Korea; Samsung Electro-Mechanics Germany, Germany; Samsung Electronics European Holding, Netherlands; Samsung Electronics Poland Manufacturing, Poland; Samsung SDS Global SCL Slovakia, Slovakia, Samsung SDI Co., Ltd., Korea and other.

Transactions with SAMSUNG Electronics Co. Ltd. (parent) *In thousands of euro*	**Year ended 31 December 2015**	**Year ended 31 December 2014**
Sales of own products and other assets	3 514	2 955
Sales of machinery and equipment	-	-
Purchase of raw materials	457 140	399 240
Purchase of machinery and equipment	12 463	23 952
Service and other expenses	3 946	2 739

Transactions with SAMSUNG Electronics Magyar Zártkörűen Működő Részvénytársaság (significant influence) *In thousands of euro*	**Year ended 31 December 2015**	**Year ended 31 December 2014**
Sales of own products and other assets	16 072	11 539
Sales of machinery and equipment	182	197
Purchase of raw materials	69 936	18 445
Purchase of machinery and equipment	915	253
Service and other expenses	-	-

Transactions with other group companies *In thousands of euro*	**Year ended 31 December 2015**	**Year ended 31 December 2014**
Sales of own products and other assets	2 750 917	3 032 646
Sales of machinery and equipment	458	132
Purchase of raw materials	1 496 925	1 722 293
Purchase of machinery and equipment	442	3 062
Service and other expenses	73 240	67 678

Selected assets and liabilities arising from related-party transactions are presented in the table below:

Assets and liabilities arising from transactions with SAMSUNG Electronics Co. Ltd. (parent) *In thousands of euro*	**31 December 2015**	**31 December 2014**
Trade, other receivables and prepayments	1 034	21
Trade and other payables	56 072	25 152
Other accruals payable	605	993

Assets and liabilities arising from transactions with SAMSUNG Electronics Magyar Zártkörűen Működő Részvénytársaság (significant influence) *In thousands of euro*	**31 December 2015**	**31 December 2014**
Trade, other receivables and prepayments	423	336
Trade and other payables	1 574	339
Other accruals payable	-	-

Assets and liabilities arising from transactions with other group companies *In thousands of euro*	**31 December 2015**	**31 December 2014**
Trade, other receivables and prepayments	259 060	316 668
Trade and other payables	132 300	180 007
Other accruals payable	412	575

The trade receivables, trade payables and accruals balances are short-term. None of the balances is secured. Usually these balances are settled via group netting process. Transactions between related parties have been realized on arm's length basis.

26. Events after the end of reporting period

No events with a material impact on presentation of these financial statements occurred after 31 December 2015 that would require disclosure or amendment of these financial statements.

These financial statements were authorized for issue on 21 January 2016.

YEON JOON KIM
Vicepresident

Stanislav Kopecký
Finance manager