SAMSUNG Electronics Slovakia s.r.o.

Financial Statements
as at 31 December 2011
and for the year then ended

in accordance with International Financial Reporting Standards
(IFRS) as adopted by the European Union (EU)
*(Translation of the statutory financial statements originally prepared
in Slovak language)*

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SAMSUNG Electronics Slovakia s.r.o.
Statement of comprehensive income
for the year ended 31 December 2011

In thousands of euro	*Note*	2011	2010
Revenue	*6*	3 152 763	3 247 193
Cost of sales	*7*	(2 877 197)	(2 857 385)
Gross profit		**275 566**	**389 808**
Administrative and selling expenses	*8*	(71 060)	(248 742)
Operating profit		**204 506**	**141 066**
Finance costs	*9*	(43 905)	(84 859)
Finance income	*9*	43 283	89 997
Profit before tax		**203 884**	**146 204**
Income tax expense	*10*	(39 012)	(28 156)
Profit for the period		**164 872**	**118 048**
Other comprehensive income			
Other comprehensive income, net of tax		-	-
Total comprehensive income for the period		**164 872**	**118 048**

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

In thousands of euro	*Note*	31 December 2011	31 December 2010
Assets			
Property, plant and equipment	*11*	77 795	99 886
Other receivables		1 367	2 916
Deferred tax assets	*12*	1 976	2 295
Total non-current assets		**81 138**	**105 097**
Inventories	*13*	110 358	220 227
Trade and other receivables	*14*	495 343	226 686
Cash and cash equivalents	*15*	893 857	391 996
Total current assets		**1 499 558**	**838 909**
Total assets		**1 580 696**	**944 006**
Equity			
Share capital	*16*	43 098	43 098
Legal reserve fund	*16*	4 310	4 310
Retained earnings		747 180	582 308
Total equity		**794 588**	**629 716**
Liabilities			
Interest-bearing loans and borrowings	*17*	276 386	-
Trade and other payables	*19*	496 001	313 784
Current tax payable		13 721	506
Total current liabilities		**786 108**	**314 290**
Total liabilities		**786 108**	**314 290**
Total equity and liabilities		**1 580 696**	**944 006**

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

In thousands of euro	Share capital (Note *16*)	Legal reserve fund (Note *16*)	Retained earnings	Total
Balance as of 1 January 2010	**43 098**	**3 738**	**464 832**	**511 668**
Increase in share capital	-	-	-	-
Contribution to legal reserve fund	-	572	(572)	-
Total comprehensive income for the year ended 31 December 2010	-	-	118 048	118 048
Balance as of 31 December 2010	**43 098**	**4 310**	**582 308**	**629 716**
Balance as of 1 January 2011	**43 098**	**4 310**	**582 308**	**629 716**
Increase in share capital	-	-	-	-
Contribution to legal reserve fund	-	-	-	-
Total comprehensive income for the year ended 31 December 2011	-	-	164 872	164 872
Balance as of 31 December 2011	**43 098**	**4 310**	**747 180**	**794 588**

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

In thousands of euro	*Note*	2011	2010
Cash flows from operating activities			
Profit for the period		164 872	118 048
Adjustments for:			
Depreciation		40 605	44 688
Creation of provision to receivables		-	(1 791)
Write-off of inventory		8 110	7 806
(Reversal of) provision to inventory		(2 060)	2 093
Net foreign exchange unrealized differences		4 490	279
Net financing costs		(3 894)	(921)
Revaluation of currency forwards		(9 229)	(284)
Income tax expense		39 012	28 156
Loss (gain) on sale of property, plant and equipment		(1 807)	134
Operating profit before changes in working capital and provisions		**240 099**	**198 208**
Decrease / (increase) in inventories		103 819	(37 977)
Decrease / (increase) in receivables		(257 809)	53 478
Increase / (decrease) in payables		178 966	(60 094)
Cash generated from operations		**265 075**	**153 615**
Interest paid		(40)	(45)
Income taxes paid		(25 097)	(54 527)
Net cash from (used in) operating activities		**239 938**	**99 043**
Cash flows from investing activities			
Interest received		3 934	966
Proceeds from sale of property, plant and equipment		21 495	1 791
Acquisition of property, plant and equipment		(39 892)	(52 511)
Net cash from (used in) investing activities		**(14 463)**	**(49 754)**
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 (decrease) in cash and cash equivalents		225 475	49 289
Cash and cash equivalents at 1 January		391 996	342 707
Cash and cash equivalents at 31 December		**617 471**	**391 996**
Cash and cash equivalents:			
Cash in banks	*15*	391 996	401 098
Bank overdrafts	*17*	-	(58 391)
Balance as at 1 January		**391 996**	**342 707**
Cash in banks	*15*	893 857	391 996
Bank overdrafts	*17*	(276 386)	-
Balance as at 31 December		**617 471**	**391 996**

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; and
- Audio and video players (DVDs and home theatres).

These individual financial statements have been prepared as at 31 December 2011 and for the year then ended and were prepared and authorized for issue by the Company's directors on 25 January 2012.

The Company's bodies:

Directors	Hack Bum Bae
	Jae Hyung Lee (from 30 March 2009 to 16 May 2011)
	Chel Woon Youn (from 16 May 2011)
	Jae Hwang Sim (from 16 May 2011)

Information about the ultimate parent

The Company is consolidated into the financial statements of SAMSUNG Electronics Co. Ltd., Maetan-dong 416, 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 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, 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 13 – 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.

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 preceding 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 preceding 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 or liability.

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 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: interest bearing loans and borrowings, bank overdrafts, and trade and other payables.

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. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes. However, as no derivatives qualify for hedge accounting under IFRS as adopted by the EU they are accounted for as trading instruments.

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 net finance costs. Any atributable 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 e). 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 net administrative and selling expenses 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

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

d) 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.

e) 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 d) and deferred tax assets (see accounting policy j), 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.

f) Dividends

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

g) 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.

h) 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 recognised as a reduction of revenue as the sales are recognised.

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 delivery condition).

i) 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.

j) 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.

k) 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.

l) New standards

The following new standards, interpretations and amendments to published standards adopted by the European Union that are not yet effective for the annual period ended 31 December 2011 and have not been applied in preparing these financial statements are:

- Amendments to IFRS 7 Disclosures - Transfers of Financial Assets - The Company does not expect the amendments to IFRS 7 to have material impact on the financial statements, because of the nature of the Company's operations and the types of financial assets that it holds.

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.

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 85 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 logistical services. In the past, the Company has never suffered losses from Samsung Electronics Europe Logistics B.V.

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 and Japanese Yen.

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 2011 would decrease/increase the Company's profit before tax by approximately TEUR 851 (31 December 2010: TEUR 22).

Interest rate risk

Interest rates on borrowings drawn as at 31 December 2011 are listed in note 17.

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 behaviour. 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	2011	2010
LCD TV – LED	2 424 669	1 664 959
LCD TV	200 757	1 023 472
LCD Large Format Displays	88 635	72 338
TFT – LCD Monitor	2 067	4 518
HDD DVD Recorders	15 729	46 617
Blue Ray Players	3 564	82 451
Home Theatres	3 184	105 131
Set-top boxes	-	34 327
Subtotal – Sale of finished goods	**2 738 605**	**3 033 813**
Sale of semi-finished goods	32 309	2 589
Sale of merchandise	41 004	69 416
Sale of raw material	340 845	141 374
Total	**3 152 763**	**3 247 193**

7. Cost of sales

Cost of sales comprises:

In thousands of euro	2011	2010
Material	2 809 926	2 727 175
Personnel expenses	22 084	24 322
Depreciation of PP&E	39 600	43 723
Other	5 587	62 165
Total	**2 877 197**	**2 857 385**

The average number of employees for the year ended 31 December 2011 was 1 682 out of that 3 directors (12 months 2010: 1 916 out of that 2 directors).

8. Administrative and selling expenses

In thousands of euro	2011	2010
Royalties	26 796	128 365
Sales commissions and service charges	18 818	33 718
Sales promotion and advertising	1 458	53 610
Personnel expenses	8 582	9 335
Transportation	3 003	3 573
Depreciation of PP&E	1 005	965
Other	11 398	19 176
	71 060	**248 742**

The Company starting 1 July 2011 operates as a manufacturer on a costs plus basis. Royalties, sales commissions, and sales promotions are therefore born by other companies in the Samsung group.

9. Finance costs and income

Recognized in profit or loss *In thousands of euro*	2011	2010
Interest expense	(40)	(45)
Interest income	3 934	966
Net interest income (expense)	3 894	921
Foreign exchange losses	(36 449)	(69 005)
Foreign exchange gains	16 076	75 666
Net foreign exchange gains (losses)	(20 373)	6 661
Losses from forex forward transactions	(7 416)	(15 809)
Gains from forex forward transactions	23 273	13 365
Net gains (losses) from forex forward transactions	15 857	(2 444)
Total	**622**	**5 138**
Presented as:		
Finance costs	(43 905)	(84 859)
Finance income	43 283	89 997

The amount of interest income was generated from cash deposits at banks. The amount of interest expense relates to overdraft drawn by the Company (see note 17 on Loans and borrowings).

10. Income tax expense

In thousands of euro	2011	2010
Current tax expense		
Current tax charge	38 693	27 606
Subtotal	**38 693**	**27 606**
Deferred tax expense		
Origination and reversal of temporary differences	319	550
Total income tax expense in statement of comprehensive income	**39 012**	**28 156**

Reconciliation of the effective tax rate

In thousands of euro	2011	%	2010	%
Profit before tax	203 884		146 204	
Income tax using the domestic corporate tax rate	38 738	19,0%	27 779	19,0%
Origination and reversal of temporary differences	319	0,1%	550	0,4%
Non - taxable items, tax non-deductible items	(45)	(0,0)%	(173)	(0,1)%
Total income tax expense in statement of comprehensive income	**39 012**	**19,1%**	**28 156**	**19,3%**

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 2010	48 365	145 399	4 023	7 291	205 078
Acquisitions	975	47 326	735	7 320	56 356
Transfers	-	5 453	84	(5 537)	-
Disposals	(2)	(29 847)	(1 284)	-	(31 133)
Balance as at 31 December 2010	**49 338**	**168 331**	**3 558**	**9 074**	**230 301**
Balance as at 1 January 2011	49 338	168 331	3 558	9 074	230 301
Acquisitions	400	31 114	276	6 751	38 541
Transfers	1 686	7 304	-	(8 990)	-
Disposals	-	(49 580)	(203)	-	(49 783)
Balance as at 31 December 2011	**51 424**	**157 169**	**3 631**	**6 835**	**219 059**
Depreciation and impairment losses					
Balance as at 1 January 2010	9 498	101 867	2 906	-	114 271
Depreciation charge for the period	2 355	41 743	590	-	44 688
Disposals	-	(27 282)	(1 262)		(28 544)
Balance as at 31 December 2010	**11 853**	**116 328**	**2 234**	**-**	**130 415**
Balance as at 1 January 2011	11 853	116 328	2 234	-	130 415
Depreciation charge for the period	2 393	37 677	535	-	40 605
Disposals	-	(29 590)	(166)	-	(29 756)
Balance as at 31 December 2011	**14 246**	**124 415**	**2 603**	**-**	**141 264**
Carrying amounts					
As at 1 January 2010	38 867	43 532	1 117	7 291	90 807
As at 31 December 2010	**37 485**	**52 003**	**1 324**	**9 074**	**99 886**
As at 1 January 2011	37 485	52 003	1 324	9 074	99 886
As at 31 December 2011	**37 178**	**32 754**	**1 028**	**6 835**	**77 795**

Impairment loss

No impairment losses have been recognized as of 31 December 2011 and 31 December 2010.

Insurance

Property, plant and equipment is insured against damage caused by fire up to TEUR 233 048 and against mechanical and electric damage up to TEUR 94 057 (31 December 2010: TEUR 219 737 and TEUR 83 397 respectively).

Security

No property, plant and equipment is pledged or subject to any other form of security as at 31 December 2011 and 31 December 2010.

Ownership

Ownership of property, plant and equipment (production halls) with a net book value of TEUR 2 574 had not been registered in the land cadastre as at 31 December 2011 as Company property. The Company expects such record in the land cadastre during 2012.

12. Deferred tax

Recognized deferred tax assets are attributable to the following:

In thousands of euro	31 December 2011	31 December 2010
Property, plant and equipment	1 500	1 389
Inventories	36	427
Other items	440	479
Total	**1 976**	**2 295**

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 2011 and 31 December 2010.

13. Inventories

In thousands of euro	31 December 2011	31 December 2010
Raw materials and consumables	107 174	217 174
Work in progress, semi-finished, finished goods and merchandise	3 184	3 053
Total	**110 358**	**220 227**

During the year ended 31 December 2011 raw materials, consumables and changes in finished good and work in progress recognised as cost of sales amounted to TEUR 2 809 926 (year ended 2010: TEUR 2 727 175).

As at 31 December 2011 the Company has recorded an inventory obsolescence provision in the amount of TEUR 189 (31 December 2010: TEUR 2 249). The Company has recorded an inventory obsolescence charge (inventory write off) during the year ended 31 December 2011 amounting to TEUR 8 110 (year ended 2010: TEUR 7 806).

14. Trade and other receivables

In thousands of euro	31 December 2011	31 December 2010
Trade receivables (due from related parties)	438 605	198 418
VAT receivable	29 383	15 939
Other receivables	27 355	12 329
Subtotal	495 343	226 686
Less: Allowance for bad and doubtful debts	-	-
Total	**495 343**	**226 686**

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 2011 Balance recalculated to TEUR	%	31 December 2010 Balance recalculated to TEUR	%
EUR	496 794	100,3%	196 210	86,6%
USD	(1 451)	(0,3)%	30 476	13,4%
Total	**495 343**	**100%**	**226 686**	**100%**

The aging of receivables is provided in the table below:

In thousands of euro	31 December 2011			31 December 2010		
	Gross	%	Impairment	Gross	%	Impairment
Not past due	494 395	99,0%	-	226 593	99,9%	-
Past due 0-30 days	-	0,0%	-	93	0,1%	-
Past due 31-180 days	2	0,0%	-	-	0,0%	-
More than 180 days	946	0,1%	-	-	0,0%	-
Total	**495 343**	**100%**	**-**	**226 686**	**100%**	**-**

No bad debt provision was recorded as at 31 December 2011 (31 December 2010: TEUR 0).

The Company faces a customer concentration risk as 68% of trade receivables and 85% of revenues during the period ended 31 December 2011 (31 December 2010: 77% and 93% respectively) has been generated by one related party, Samsung Electronics Logistic Center B.V.

Finance lease receivables

Finance lease receivables are due as follows:

In thousands of euro	31 December 2011		31 December 2010	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Less than one year	1 186	1 177	1 533	1 511
Between one and five years	-	-	474	442
More than five years	-	-	-	-
Total	**1 186**	**1 177**	**2 007**	**1 953**
Less: future interest income	9	n/a	54	n/a
Present value of minimum lease payments	**1 177**	**1 177**	**1 953**	**1 953**

15. Cash and cash equivalents

In thousands of euro	31 December 2011	31 December 2010
Bank balances (held in EUR)	893 857	314 075
Bank balances (held in USD)	-	77 921
Cash and cash equivalents	**893 857**	**391 996**
Bank overdrafts used for cash management purposes (held in USD)	(276 386)	-
Cash and cash equivalents in the statement of cash flows	**617 471**	**391 996**

In 2011 the Company entered Multi Entity Cash Pooling Agreement which was signed between Citibank, N.A. and various companies within the Samsung group and which is maintained by Samsung Electronics European Holding.

Included in the total amount of cash and cash equivalents is the amount of TEUR 893 555 held on the cash- pooling account and the amount of TEUR 302 held on SLSP Bratislava bank account.

The amount of TEUR 276 386 represents the intercompany cash-pooling facility drawn as of 31 December 2011.

As of 31 December 2011 there were bank guarantees provided for the Company in favor of the Custom's office in amounts of TEUR 37 000 (31 December 2010: TEUR 37 000).

16. Capital and reserves

Share capital

The total authorized, issued and outstanding share capital of the Company amounts to TEUR 43 098 as of 31 December 2011 and 31 December 2010. The ownership structure of the Company is as follows:

	Contribution (TEUR)	Share and voting rights (%)
SAMSUNG Electronics Magyar Zártkörűen Működő Részvénytársaság, Samsung tér 1, Jászfényszaru 5216, Hungary	20 938	49%
SAMSUNG Electronics Co. Ltd., Maetan-dong 416, 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 2011 the legal reserve fund balance reached the amount of 10% of the share capital which is the minimum amount as required by law.

17. Interest-bearing loans and borrowings

In thousands of euro	Year of maturity	Face value 31 December 2011 (in thousands of currency)	Carrying amount 31 December 2011 (in thousands of euro)	Face value 31 December 2010 (in thousands of currency)	Carrying amount 31 December 2010 (in thousands of euro)
Current liabilities					
Overdraft (USD):	n/a	357 615	276 386	-	-
Interest bearing loans and borrowings		**357 615**	**276 386**	**-**	**-**

The overdraft is represented by an intercompany cash-pooling facility with the annual interest rate of 0,15%.

18. Employee benefits

The Company has no significant defined contribution plan, defined benefit plan or any other long-term employee benefits. Short-term employee benefits as at 31 December 2011 amounted to TEUR 4 858 (31 December 2010: TEUR 4 476) 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.

19. Trade and other payables

In thousands of euro	31 December 2011	31 December 2010
Trade payables	421 460	184 056
Royalties and sales commissions	35 831	101 068
Other payables	38 710	28 660
Total	**496 001**	**313 784**

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 6 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 2011 Balance recalculated to TEUR	%	31 December 2010 Balance recalculated to TEUR	%
EUR	388 934	78,4%	207 596	66,1%
USD	106 985	21,6%	106 030	33,8%
Other	82	0,0%	158	0,1%
Total	**496 001**	**100%**	**313 784**	**100%**

Structure of payables according to maturity

The structure of liabilities (except for bank loans and income tax payable) is shown in the table below:

In thousands of euro	**31 December 2011**	**31 December 2010**
Liabilities overdue	-	-
Liabilities due within 1 year	496 001	313 784
Total trade and other payables	**496 001**	**313 784**

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

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	**2011**	**2010**
Balance at beginning of the period	194	152
Recognized as expenses	185	224
Drawing	(149)	(182)
Balance at end of the period	**229**	**194**

20. 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 2011**	**31 December 2010**
Cash and cash equivalents	893 857	391 996
Loans and receivables	486 114	226 731
Foreign exchange forward contracts	9 229	284
Total exposure	**1 389 200**	**619 011**

Impairment losses

Impairment losses are described in note 14.

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	617 471	617 479	617 479		
Loans and receivables	486 114	486 117	485 166	3	948
Derivative financial assets					
Foreign exchange forward contracts	9 229	9 233	9 233		
Non-derivative financial liabilities					
Trade and other payables	(509 721)	(509 726)	(509 726)		
Total	**603 093**	**603 103**	**602 152**	**3**	**948**

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 2011 was as follows based on notional amounts:

In thousands of currency	USD	JPY
Cash and cash equivalents	(357 615)	-
Loans and receivables	(1 877)	-
Trade and other payables	(138 375)	(8197)
Gross exposure	(497 867)	(8 197)
Foreign exchange forward contracts	386 697	-
Net exposure	**(111 170)**	**(8 197)**

Interest rate risk

Description of the interest rate risk exposure is given in note 17.

Recognized assets and liabilities

The fair value of forward exchange contracts as at 31 December 2011 was a gain of TEUR 9 229 (31 December 2010: gain of TEUR 284). These amounts are included among trade and other receivables.

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.

21. 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 2011	31 December 2010
Less than one year	2 033	4 258
Between one and five years	8 132	17 032
More than five years	-	-
Total	**10 165**	**21 290**

Assets under operating leases are not subject to a sublease.

During the year ended 31 December 2011 an amount of TEUR 2 033 was recognised as an expense in profit or loss in respect of operating leases.

22. Capital commitments

There are no significant capital commitments as at 31 December 2011 and 31 December 2010.

23. 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.

24. 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 expense in profit or loss) in the amount TEUR 776 for the year ended 31 December 2011 (year ended 2010: TEUR 748).

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 Electronics Ltd., UK; SAMSUNG Electronics GmbH, Germany; SAMSUNG Electronics France SA, France; SAMSUNG Electronics Hungarian RT., Hungary; SAMSUNG Electronics Italia SPA, Italy; SAMSUNG Electronics Europe Logistics BV; SAMSUNG Electronics Benelux B.V., Nederland; SAMSUNG Electronics Overseas BV, Netherlands; SAMSUNG Electronics Portuguesa S.A.R.L.; Portugal; SAMSUNG Asia Private Limited, Singapore; SAMSUNG Electronics Display, Malaysia; SAMSUNG Electronics Indonesia; SAMSUNG Electronics Hong Kong Co. Ltd.; SAMSUNG Electronics Hui Zhou Co., Ltd., China; Tianjin SAMSUNG Electronics Co. Ltd., China; SAMSUNG Japan Co., Ltd., Japan; SAMSUNG Electronics America Inc., U.S.A.; SAMSUNG Semiconductor Europe GmbH, Germany; SAMSUNG Electronics Taiwan Co. Ltd.; SAMSUNG International Inc., USA; SAMSUNG SDI Co., Ltd., Korea; SAMSUNG Electronics Nordic Aktiebolag, Sweden; and other.

Transactions with the parent companies *In thousands of euro*	**2011**	**2010**
Sales of own products and other assets	94 551	67 705
Sales of machinery and equipment	2 546	1 035
Purchase of raw materials	1 376 136	333 418
Purchase of machinery and equipment	30 044	46 884
Royalties, sales commissions, technical assistance fees, net	40 261	163 230

Transactions with other group companies *In thousands of euro*	**2011**	**2010**
Sales of own products and other assets	3 072 309	3 176 821
Sales of machinery and equipment	18 939	1 118
Purchase of raw materials	947 988	1 880 932
Purchase of machinery and equipment	3 765	156
Sales promotion and advertising expenses	1 458	53 610

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

Assets and liabilities arising from transactions with the parent companies *In thousands of euro*	**31 December 2011**	**31 December 2010**
Trade, other receivables and prepayments	11 328	4 416
Trade payables	314 326	100 828
Royalties and other accruals payable	36 586	102 495

Assets and liabilities arising from transactions with other group companies *In thousands of euro*	**31 December 2011**	**31 December 2010**
Trade, other receivables and prepayments	428 539	194 855
Trade payables	90 344	92 648
Sales promotion and other accruals	230	1 667

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.

25. Events after the end of reporting period

No events with a material impact on presentation of these financial statements occurred after 31 December 2011 that would require disclosure or amendment of these financial statements.

These financial statements were authorized for issue on 31 January 2012.

Hack Bum Bae	Stanislav Kopecký
Vicepresident	*Chief accounting officer*