SAMSUNG Electronics Slovakia s.r.o.

Financial Statements
as at 31 December 2007
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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Translation of the statutory Auditors' Report originally prepared in Slovak language

Independent Auditors' 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 balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 and fair presentation of the financial statements 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 principles 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 present fairly, in all material respects, the financial position of the Company as at 31 December 2007 and 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.

25 January 2008
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:
Ľuboš Vančo
License SKAU No. 745

In thousands of euro	***Note***	**2007**	**2006**
Revenue	*5*	3 286 823	2 302 623
Cost of sales	*6*	(2 923 964)	(1 933 143)
Gross profit		**362 859**	**369 480**
Administrative and selling expenses	*7*	(264 304)	(213 589)
Operating profit		**98 555**	**155 891**
Finance costs	*8*	(25 703)	(37 223)
Finance income	*8*	35 642	34 973
Profit before tax		**108 494**	**153 641**
Income tax expense	*9*	(2 962)	(30 993)
Profit for the period		**105 532**	**122 648**

SAMSUNG Electronics Slovakia s.r.o.
Balance sheet
as at 31 December 2007

In thousands of euro	***Note***	**31 December 2007**	**31 December 2006**
Assets			
Property, plant and equipment	*10*	67 743	60 887
Investment property	*11*	11 941	12 435
Other receivables		5 184	-
Deferred tax assets	*12*	1 652	1 052
Total non-current assets		**86 520**	**74 374**
Inventories	*13*	298 535	156 043
Trade and other receivables	*14*	317 279	213 102
Cash and cash equivalents	*15*	25 795	56 611
Total current assets		**641 609**	**425 756**
Total assets		**728 129**	**500 130**
Equity			
Share capital	*16*	32 134	32 134
Legal reserve fund	*16*	2 285	2 285
Retained earnings		271 003	165 471
Total equity		**305 422**	**199 890**
Liabilities			
Interest-bearing loans and borrowings	*17*	6 395	14 178
Trade and other payables including derivatives	*18*	412 751	258 243
Income tax payable		3 561	27 819
Total current liabilities		**422 707**	**300 240**
Total liabilities		**422 707**	**300 240**
Total equity and liabilities		**728 129**	**500 130**

In thousands of euro	Share capital (Note *16*)	Legal reserve fund (Note *16*)	Retained earnings	Total
Balance as of 1 January 2006	**32 134**	**1 057**	**44 051**	**77 242**
Profit for the year 2006	-	-	122 648	122 648
Total recognized income and expense for the year 2006	**-**	**-**	**122 648**	**122 648**
Transfer to the legal reserve fund		1 228	(1 228)	
Balance as of 31 December 2006	**32 134**	**2 285**	**165 471**	**199 890**
Profit for the year 2007	-	-	105 532	105 532
Total recognized income and expense for the year 2007	**-**	**-**	**105 532**	**105 532**
Balance as of 31 December 2007	**32 134**	**2 285**	**271 003**	**305 422**

In thousands of euro	***Note***	**2007**	**2006**
Cash flows from operating activities			
Profit for the period		105 532	122 648
Adjustments for:			
Depreciation on non-current assets		30 586	23 461
Impairment losses on non-current assets		(537)	1 088
Provision to receivables		(8)	(3)
Write down of inventory		7 411	65
Net foreign exchange differences		1 709	731
Net finance costs		179	3 692
Tax expense		2 962	30 993
Loss (profit) on sale of non-current assets		1 836	2 172
Operating profit before changes in working capital and provisions		**149 670**	**184 847**
Decrease / (increase) in inventories		(149 903)	(38 427)
Decrease / (increase) in receivables		(110 024)	38 928
Increase / (decrease) in payables		147 126	(15 592)
Cash generated from operations		**36 869**	**169 756**
Interest paid		(3 535)	(4 691)
Income taxes paid		(28 756)	(47)
Net cash from (used in) operating activities		**4 578**	**165 018**
Cash flows from investing activities			
Interest received		3 115	965
Proceeds from sale of property, plant and equipment		13 262	906
Acquisition of property, plant and equipment		(43 771)	(46 335)
Net cash from (used in) investing activities		**(27 394)**	**(44 464)**
Cash flows from financing activities			
Repayment of borrowings		(14 395)	(103 002)
Receipts from borrowings		6 395	-
Net cash from (used in) financing activities		**(8 000)**	**(103 002)**
Net increase (decrease) in cash and cash equivalents		(30 816)	17 552
Cash and cash equivalents at 1 January		56 611	39 059
Cash and cash equivalents at 31 December		**25 795**	**56 611**

1. General information about the Company

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 (MP3s, DVDs and home theatres).

These financial statements have been prepared as at 31 December 2007 and for the year then ended and were prepared and authorized for issue by the Company's directors on 25 January 2008.

The Company's bodies:

Directors	Kyu Dam Cho
	Young Chan Yang

Information about the ultimate parent

The Company is consolidated into financial statements of Samsung Electronics Co. Ltd, Samsung Main Building, 250, 2-Ka, Taepyung-Ro, Chung-Ku, Seoul, Korea 100-742. These consolidated financial statements are available at the registered office of this company.

2. Statement of compliance

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

3. 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.

Functional currency

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

Use of estimates and judgment

The preparation of financial statements in conformity with IFRSs 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.

Judgments made by management in the application of IFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 27.

4. 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 transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated 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 translated to euro at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognized in the income statement.

b) Derivative financial instruments

The 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 they are accounted for as trading instruments.

Derivative financial instruments are recognized initially at fair value and subsequent to initial recognition, they are remeasured to their fair value. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss as part of net finance costs. 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 h). The cost of self-constructed assets includes the cost of materials, direct labor, any other costs directly attributable to bringing the asset to a 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 assets 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.

ii. Leases assets

Leases in terms of which the Company assumes substantially all the risk 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 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 recognized on the Company's balance sheet.

iii. Subsequent costs

The Company recognizes in the carrying amount of an item of property or plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs are recognized in the income statement as an expense as incurred.

iv. Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land and assets under construction are not depreciated. The estimated useful lives are as follows:

• buildings	20-30 years
• plant and equipment	5 years
• information technology	5 years

Depreciation methods and useful lives, as well as residual values, are reassessed at the reporting date.

d) Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are measured using the cost model and are stated at cost less accumulated depreciation and accumulated impairment losses. If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its net carrying value at the date of reclassification becomes its cost for subsequent accounting.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of investment property. The estimated useful life is 20 years.

Rental income from investment property is accounted for as described in accounting policy (m)ii.

e) Trade and other receivables

Trade and other receivables are recognized initially at fair value, subsequent to initial recognition they are stated at their amortized cost using the effective interest rate method, less any impairment losses (see accounting policy h).

f) Inventories

Inventories are stated 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 and includes expenditure incurred in acquiring the inventories, production costs and other costs incurred bringing them to their existing location and condition. In the case of manufactured inventories of finished goods cost includes an appropriate share of production overheads based on normal operating capacity. Work in progress and semi finish goods include material cost.

g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

h) Impairment

Financial assets
A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in profit or loss.

Non-financial assets
The carrying amounts of the Company's non-financial assets, other than inventories (see accounting policy f) and deferred tax assets (see accounting policy o), 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 other 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 flows that are largely independent from other assets and groups. Impairment losses are recognized in the income statement under cost of goods sold.

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.

In respect of other assets, 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.

i) Dividends

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

j) Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

k) Provisions

A provision is recognized in the balance sheet 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.

l) Trade and other payables

Trade and other payables are recognized initially at fair value. Subsequent to initial recognition they are stated at amortized cost.

m) Revenue

i. Goods sold

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 recognised 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.

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 at disposition for a customer at the Company's warehouse (Ex works delivery condition).

A significant element of the Company's revenue is with related parties (see Note 26).

ii. Rental income

Rental income from investment property is recognized in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income.

n) Expenses

i. Operating lease payments

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognized in the income statement 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 the income statement.

Interest income and expense are recognized in the income statement as they accrue, using the effective interest method.

o) Income tax

Income tax expense comprises current and deferred tax. Income tax is recognized in the income statement 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 on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for 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 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.

The Company accounts for state aid using IAS 12 by analogy, i.e. as a deduction from a current tax expense to the extent that the Company is entitled to claim the state aid in the current reporting period.

p) Employee benefits

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

A provision 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.

q) Financial Instruments

A financial instrument is recognized if the Company becomes a party of contractual provisions of the instrument. Financial assets are derecognized if the Company’s contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards to the asset. Regular way purchases and sales of financial asset are accounted for at the trade date, i.e. the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognized if the Company's obligations specified in the contract expire or are discharged or cancelled.

r) New standards

The following new standards, amendments to standards and interpretations are not yet effective for the period ended 31 December 2007, and have not been applied in preparing the financial statements:

- *IFRS 8 Operating Segments* (effective from 1 January 2009) requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. As the Company is not obliged to perform segment reporting, it is expected that this standard will not impact the Company's financial statements.

- *Revised IAS 23 Borrowing costs* (effective from 1 January 2009) requires the capitalization of borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. As the Company has already adopted allowable alternative treatment under current standard, this should have no impact on the Company's financial statements.

- *Revised IAS 1 Presentation of Financial Statements* (effective from 1 January 2009) requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. Items of income and expense and components of other comprehensive income may be presented either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Company is currently evaluating whether to present a single statement of comprehensive income, or two separate statements.

- *IFRIC 11 IFRS 2-Group and Treasury Share Transactions* requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity-instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments needed are obtained. It also provides guidance on whether share-based payment arrangements, in which suppliers of goods or services of an entity are provided with equity instruments of the entity's parent should be accounted for as cash-settled or equity-settled in the entity's financial statements. It becomes mandatory for the Company's 2008 financial statements and is not expected to have any impact on the financial statements.

- *IFRIC 12 Service Concession Arrangements* provides guidance to private sector entities on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. IFRIC 12, which becomes mandatory for the Company's 2008 financial statements, is not expected to have any impact on the financial statements.

- *IFRIC 13 Customer Loyalty Programmes* (effective for annual periods beginning on or after 1 July 2008) explains how entities that grant loyalty award credits to customers who buy other goods or services should account for their obligations to provide free or discounted goods or services ('awards') to customers who redeem those award credits. The Company does not expect the Interpretation to have any impact on the financial statements as the Company does not provide any Loyalty programmes.

- *IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interactions* (effective for annual periods beginning on or after 1 January 2008). The Company does not have any Defined Bebefit Assests and therefore this Interpretation should have no impact on the Company's financial statements.

5. Revenue

Revenue according to the main types of products is presented in the table below:

In thousands of euro	**2007**	**2006**
Visual displays	3 085 076	2 112 289
Audio and video players	201 747	169 438
Printers	-	20 896
	3 286 823	**2 302 623**

6. Cost of sales

Main parts of cost of sales are provided in the table below:

In thousands of euro	**2007**	**2006**
Material	2 827 339	1 870 454
Personnel expenses	32 361	21 427
Depreciation of PP&E	29 710	23 191
Other	34 554	18 071
	2 923 964	**1 933 143**

The average number of employees for the year ended 31 December 2007 was 2 569 out of that 2 directors (2006: 1 912 out of that 2 directors).

7. Administrative and selling expenses

In thousands of euro	**2007**	**2006**
Royalties	126 504	106 663
Sales commissions	64 830	45 449
Sales promotion and advertising	43 700	23 684
Personnel expenses	7 521	4 201
Transportation	6 532	9 390
Rent and lease	4 179	10 195
Depreciation of PP&E	876	271
Other	10 162	13 736
	264 304	**213 589**

8. Finance costs and income

Recognized in profit or loss *In thousands of euro*	**2007**	**2006**
Interest expense	(3 294)	(4 657)
Interest income	3 115	965
Net interest income (expense)	(179)	(3 692)
Foreign exchange losses	(22 369)	(26 693)
Foreign exchange gains	32 440	32 412
Net foreign exchange gains (loss)	10 071	5 719
Losses from forex forward transactions	(40)	(5 873)
Gains from forex forward transactions	87	1 596
Net gains (losses) from forex forward transactions	47	(4 277)
Total	**9 939**	**(2 250)**
Presented as:		
Finance costs	(25 703)	(37 223)
Finance income	35 642	34 973

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

9. Income tax expense

In thousands of euro	**2007**	**2006**
Current tax expense		
Current year	3 562	27 819
Deferred tax expense		
Origination and reversal of temporary differences	(600)	(233)
Utilization of tax holidays granted in 2003	-	3 407
Total income tax expense in income statement	**2 962**	**30 993**

The Company was granted a tax holiday in 2003 by the Slovak government and as a result they have not paid income taxes during the period 2003 to 2005. During 2006 the tax holidays were fully utilized and as a result the Company started to recognize the current period income tax charge.

At the end of 2006 the Company has secured state aid for which the entity is entitled to since 2007 amounting to MSKK 1,097 (MEUR 32). The Company expects that in 2007 a tax credit amounting to TEUR 16,539 will be utilized. Accordingly the Company has decreased its tax charge for the year ended 31 December 2007 by this amount.

Reconciliation of effective tax rate

In thousands of euro	2007	%	2006	%
Profit before tax	108 494		153 641	
Income tax using the domestic corporation tax rate	20 614	19.0%	29 192	19.0%
Utilization of state aid granted in 2006	(16 539)	-15.2%	-	-
Tax non-deductible expenses and other items	(1 113)	-1.0%	1 801	1.2%
Total income tax expense in income statement	**2 962**	**2.7%**	**30 993**	**20.2%**

10. Property, plant and equipment

In thousands of euro	Land and buildings	Plant and equipment	Information technology	Under construction	Total
Cost					
Balance as at 1 January 2006	21 659	48 436	3 154	2 652	75 901
Acquisitions	5 509	32 532	1 511	10 845	50 397
Transfers	-	81	15	(96)	-
Transfer to Investment property	-	-	-	(12 424)	(12 424)
Disposals	-	(10 962)	(14)	-	(10 976)
Balance as at 31 December 2006	**27 168**	**70 087**	**4 666**	**977**	**102 898**
Balance as at 1 January 2007	27 168	70 087	4 666	977	102 898
Acquisitions	4 305	33 259	1 051	12 718	51 333
Transfers	447	475	57	(979)	-
Disposals	-	(30 104)	(423)	-	(30 527)
Balance as at 31 December 2007	**31 920**	**73 717**	**5 351**	**12 716**	**123 704**
Depreciation and impairment losses					
Balance as at 1 January 2006	1 518	22 715	1 417	-	25 650
Depreciation charge	857	21 454	831	-	23 142
Impairment losses	-	1 088	-	-	1 088
Disposals	-	(7 862)	(7)	-	(7 869)
Balance as at 31 December 2006	**2 375**	**37 395**	**2 241**	**-**	**42 011**
Balance as at 1 January 2007	2 375	37 395	2 241	-	42 011
Depreciation charge for the year	1 149	27 554	1 240	-	29 943
Impairment losses	-	(537)	-	-	(537)
Disposals	-	(15 144)	(312)	-	(15 456)
Balance as at 31 December 2007	**3 524**	**49 268**	**3 169**	**-**	**55 961**
Carrying amounts					
As at 1 January 2006	20 141	25 721	1 737	2 652	50 251
As at 31 December 2006	**24 793**	**32 692**	**2 425**	**977**	**60 887**
As at 1 January 2007	24 793	32 692	2 425	977	60 887
As at 31 December 2007	**28 396**	**24 449**	**2 182**	**12 716**	**67 743**

Property, plant and equipment under construction

In 2006 assets under construction with a carrying value of TEUR 12 424 relating to the construction of a distribution and logistic centre were reclassified as an investment property (see Note 11).

Impairment loss

Impairment losses have been recognized as of 31 December 2007 in respect of property, plant and equipment in amount TEUR 847 (31 December 2006: TEUR 1,384).

Insurance

Property, plant and equipment is insured against damage caused by fire up to TEUR 166 789 and against mechanical and electric damage up to TEUR 53 200 (31 December 2006: TEUR 149 139 and TEUR 53 200 respectively).

11. Investment property

In thousands of euro	2007	2006
Cost		
Balance at 1 January	12 754	-
Transfer from assets under construction		12 424
Acquisitions	149	330
Balance at 31 December	**12 903**	**12 754**
Depreciation		
Balance at 1 January	319	-
Depreciation charge	643	319
Balance at 31 December	**962**	**319**
Carrying amounts		
At 1 January	12 435	-
At 31 December	**11 941**	**12 435**

Investment property comprises a logistics and distribution centre that is leased to another group entity located in Slovakia. The lease contains an initial non-cancellable period of 5 years with an option for a 1 year prolongation under the same terms. Subsequent renewals are to be negotiated with the lessee. No contingent rents are charged. The leasing of the logistics and distribution centre commenced on 1 June 2006. See note 22 for further details.

This investment property was completed in 2006. Due to this fact the fair value of this investment property is not reliably determinable on a continuing basis. Comparable market transactions are infrequent and alternative reliable estimates of fair value are not available.

12. Deferred tax assets

Deferred tax assets are attributable to the following:

In thousands of euro	31 December 2007	31 December 2006
Property, plant and equipment	1 420	699
Inventories	225	135
Other items	7	218
	1 652	**1 052**

All movements in temporary differences were recognized in the income statement during the relevant periods.

13. Inventories

In thousands of euro	31 December 2007	31 December 2006
Raw materials and consumables	296 360	151 168
Work in progress, semi-finished and finished goods	2 175	4 862
Merchandise	-	13
	298 535	**156 043**

The Company has recorded an obsolescence write-off during 2007 amounting to TEUR 6 940 (2006: TEUR 12 166).

14. Trade and other receivables

In thousands of euro	31 December 2007	31 December 2006
Trade receivables	235 944	161 268
VAT receivable	47 154	32 951
Other receivables	34 181	18 891
Subtotal	317 279	213 110
Less: Allowance for bad and doubtful debts	-	(8)
	317 279	**213 102**

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 2007 Balance recalculated to TEUR	%	31 December 2006 Balance recalculated to TEUR	%
EUR	245 862	77.5%	168 290	79.0%
SKK	48 560	15.3%	41 687	19.6%
USD	22 480	7.1%	3 125	1.5%
Other	377	0.1%	-	0.0%
	317 279	**100%**	**213 102**	**100%**

The ageing of receivables is provided in the table below:

In thousands of euro	31 December 2007			31 December 2006		
	Gross	%	Impairment	Gross	%	Impairment
Not past due	295 281	93.1%	-	211 666	99.3%	-
Past due 0-30 days	8 459	2.7%	-	1 443	0.7%	(8)
Past due 31-120 days	13 539	4.3%	-	1	0.0%	-
	317 279	**100%**	**-**	**213 110**	**100%**	**(8)**

Due to the ageing of trade and other receivables presented above and the fact that 88% of receivables excluding VAT are against group companies the Company has not created any impairment provision as of 31 December 2007 (31 December 2006: TEUR 8). Also in the past the Company did not suffer any significant impairment losses.

The Company faces customer concentration risk as 91% of trade receivables as at 31 December 2007 (31 December 2006: 98%) is due from one related party, Samsung Electronics Logistic Center B.V.

15. Cash and cash equivalents

In thousands of euro	31 December 2007	31 December 2006
Bank balances (held in EUR)	20 103	11 687
Bank balances (held in USD)	4 638	36 159
Bank balances (held in SKK)	1 054	8 765
Cash and cash equivalents in the statement of cash flows	**25 795**	**56 611**

As of 31 December 2007 there were bank guarantees provided for the Company in favor of the Custom's office in amounts of TSKK 830,000 and TSKK 700,000.

16. Capital and reserves

Share capital

The share capital of the Company amounts to TSKK 1 298 361 (EUR 32,134) as of 31 December 2007 and 31 December 2006. The ownership structure of the Company is as follows:

	Contribution (TEUR)	Contribution (TSKK)	Share and voting rights (%)
SAMSUNG Elektronics Magyar RT., Lehel u.15, Budapest 1039, Hungary	15 241	630 774	49%
SAMSUNG Electronics Co. Ltd., Taepyung-Ro, Chung-Ku Seoul, Korea	16 893	667 587	51%
Total	**32 134**	**1 298 361**	**100%**

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.

The total authorized, issued and outstanding share capital as at 31 December 2007 amounts to TEUR 32 134 (2006: TEUR 32 134). The share capital is fully paid up.

The voting rights represent the portion on share capital of the respective shareholder.

The share capital increase registered on 28 October 2006 in the amount of TEUR 8,510 (TSKK 327,310) was related to planned CAPEX in amount of TSKK 2,364,160 in the years 2007 to 2009.

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 maximum of 10% of the registered share capital. Distribution of the legal reserve fund can be used for covering of the Company's losses only.

17. Interest-bearing loans and borrowings

In thousands of euro	Average interest rate	Year of maturity	Face value 31.XII.07 (in thousands of currency)	Carrying amount 31.XII.07 (in thousands of euro)	Face value 31.XII.06 (in thousands of currency)	Carrying amount 31.XII.06 (in thousands of euro)
Current liabilities						
Current portion of secured bank loan (SKK):	5,30%	2007	-	-	490 250	14 178
Short-term loans (SKK):	4,60%	2008	214 900	6 395	-	-
Total current interest bearing loans and borrowings				**6 395**		**14 178**

The bank loans are secured by a guarantee provided by the ultimate parent company.
The expected cash outflows of interest bearing loans and borrowings amount to TEUR 6,413 including interest and should be repaid within 1 month (31 December 2006: TEUR 14 366).

For more information about the Company's exposure to interest rate and foreign currency risk, see note 20.

18. Trade and other payables

In thousands of euro	31 December 2007	31 December 2006
Trade payables	298 275	163 908
Royalties and sales commissions	66 046	60 669
Other payables	48 430	33 666
	412 751	**258 243**

The contractual cash flows equal to the carrying amount of the trade and other payables presented on the balance sheet date 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 2007 Balance recalculated to TEUR	%	31 December 2006 Balance recalculated to TEUR	%
EUR	286 434	69.4%	193 446	74.9%
USD	116 725	28.3%	45 901	17.8%
SKK	8 112	2.0%	17 254	6.7%
Other	1 480	0.4%	1 642	0.6%
	412 751	**100%**	**258 243**	**100%**

Social fund

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

In thousands of euro	2007	2006
Balance at beginning of the period	191	125
Creation against expenses	135	102
Drawing	(115)	(36)
Balance at end of the period	**211**	**191**

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 2007	31 December 2006
Liabilities overdue	17 039	15
Liabilities due within 1 year	395 712	258 228
Total trade and other payables	**412 751**	**258 243**

19. Financial instruments

Exposure to credit, 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 and interest rates.

Credit risk

For credit risk disclosure, please refer to note 20.

Interest rate risk

For Interest rate risk disclosure, please refer to note 20.

Foreign currency risk

For Foreign currency risk disclosure, please refer to note 20.

Recognized assets and liabilities

The fair value of forward exchange contracts used as economic hedges of monetary assets and liabilities in foreign currencies as at 31 December 2007 was a liability of TEUR 2 (31 December 2006: liability of TEUR 26). These amounts are included among other payables.

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 balance sheet.

20. Financial risk management

Overview

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

- credit risk
- liquidity risk
- market 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.

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 analyse 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 reviews 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. However this is due to Samsung Headquarter's decision that the Company has to sell majority of its products via special entity that concentrates on logistical services. In the past, the Company has never suffered losses with 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 over a certain amount. The Company does not require collateral in respect of financial assets.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

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 components of this allowance are a specific loss component that relates to individually significant exposures.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses.

The Company uses activity-based costing to cost its products, which assists it in monitoring cash flow requirements. Typically 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 the 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 on risk.

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 U.S. Dollars, Slovak Koruna 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 a general increase of one percentage point in the value of euro against other foreign currencies would have decreased the Company's profit before tax by app. TEUR 2,300 for the year ended 31 December 2007 (2006: TEUR 300).

Interest rate risk
Interest rates on loans drawn as at 31 December 2007 are listed in note 17. The short-term loan is subject to a fixed interest rate.

Capital management
The Company defines the capital as its Equity. The Company’s policy is to maintain a strong capital base so as to sustain future development of the business and maintain sufficient funds for significant capital expenditures that are planed within the next three years. The Company’s needs for the capital are satisfied by through borrowings and not through changes in share capital. The Company does not provide any employees shares.

There were no changes in the Group’s approach to capital management during the year.

21. Fair values

Fair values versus carrying amounts
The fair value of trade and other receivables, cash and cash equivalents, trade and other payables, loans and interest bearing borrowings equals to their carrying amounts.

Basis for determining fair values

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

22. Leases as Lessor

The Company leases out its investment property under operating leases (see Note 11). The future minimum lease payments receivable under non-cancellable leases are as follows:

In thousands of euro	31 December 2007	31 December 2006
Less than one year	1 520	1 520
Between one and five years	3 672	5 192
More than five years	-	-
	5 192	**6 712**

During 2007 there was TEUR 1 520 recognized as rental income in the income statement (2006: TEUR 886). There were no repair and maintenance costs recognized as an expense in 2007 and 2006 relating to the investment property.

23. Leases as Lessee – Operating lease

The Company has leased cars, a warehouse, fork lifts and office equipment. The leases are typically valid for the period of one to two years. The operating lease rentals are payable as follows:

In thousands of euro	31 December 2007	31 December 2006
Less than one year	1 567	1 800
Between one and five years	1 567	1 800
More than five years	-	-
	3 134	**3 600**

24. Capital commitments

There are no capital commitments as at 31 December 2007 and 31 December 2006.

25. 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.

26. 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 the income statement) in the amount TEUR 543 for 2007 (2006: TEUR 488).

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*	**2007**	**2006**
Sales of own products and other assets	27 570	23 195
Sales of machinery and equipment	7 784	387
Purchase of raw materials	217 482	172 564
Purchase of machinery and equipment	30 636	31 576
Royalties, sales commissions, technical assistance fees, net	192 394	154 650

Transactions with other group companies *In thousands of euro*	**2007**	**2006**
Sales of own products and other assets	3 259 095	2 202 114
Sales of machinery and equipment	496	434
Purchase of raw materials	2 083 590	1 197 074
Purchase of machinery and equipment	64	233
Sales promotion and advertising expenses	43 702	23 687

The transactions were carried-out at market terms.

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 2007**	**31 December 2006**
Trade, other receivables and prepayments	1 391	126
Trade payables	69 918	62 198
Royalties and other accruals payable	66 900	62 210

Assets and liabilities arising from transactions with other group companies *In thousands of euro*	**31 December 2007**	**31 December 2006**
Trade, other receivables and prepayments	236 186	161 362
Trade payables	198 527	71 296
Sales promotion accruals	397	-

The trade receivables, trade payables and accruals balances are short-term. These amounts are not secured. Usually these balances are settled via group netting process.

27. Accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised and in any future period affected.

In particular, 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 13 – Net realizable value of Inventories
- Note 14 – Impairment of property, plant and equipment

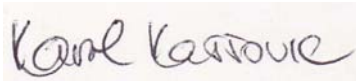
Allowance for slow-moving and obsolete inventory
We evaluate the realizability of our inventory on a case-by-case basis and make adjustments to our inventory provision based on our estimates of expected losses. We write-off any inventory for which no further processing or re-processing can be performed. We also consider 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.

Impairment of non-current assets
Factors considered important, as part of an impairment review, include the following:

- Technological advancements;
- 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 non-current assets 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.

These financial statements were approved on 25 January 2008.



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