Samsung Display Slovakia, s.r.o.

Financial Statements
as at 31 December 2014
and for the year then ended

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

(Translation)

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

Independent Auditor's Report

To the Owner and Directors of Samsung Display Slovakia, s.r.o.:

We have audited the accompanying financial statements of Samsung Display Slovakia, s.r.o. ("the Company"), which comprise the statement of financial position as at 31 December 2014, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

26 January 2015
Bratislava, Slovak Republic

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

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

Responsible auditor:
Ing. Marek Masaryk
License UDVA No. 1104

Contents

Samsung Display Slovakia, s.r.o.
Statement of financial position
as at 31 December 2014

in Euro

	Note	31-December-2014	31-December-2013
Assets			
Cash and cash equivalents	5	47 487 581	77 574 308
Trade and other receivables	*6*	28 022 768	29 468 574
Income tax receivable		1 717 188	3 301 094
Inventories	8	1 995 565	1 723 152
Total current assets		79 223 102	112 067 128
Property, plant and equipment	9	87 638 689	90 521 843
Intangible assets	*10*	34 656	51 009
Long-term receivables		21 372	25 733
Deferred tax asset	*11*	2 047 927	2 791 679
Total non-current assets		89 742 644	93 390 264
Total assets		**168 965 746**	**205 457 392**
Liabilities			
Trade and other payables	*13*	31 936 533	26 463 582
Deferred income - current portion	*14*	2 320 571	3 112 338
Total current liabilities		34 257 104	29 575 920
Deferred income – non-current portion	*14*	10 142 226	12 462 796
Total non-current liabilities		10 142 226	12 462 796
Total liabilities		44 399 330	42 038 716
Equity			
Share capital	*15*	116 105 491	116 105 491
Legal and other reserves	*15*	2 680 452	2 501 844
Retained earnings		5 780 473	44 811 341
Total equity		124 566 416	163 418 676
Total equity and liabilities		**168 965 746**	**205 457 392**

The notes on pages 7 to 31 are an integral part of these financial statements.

Statement of comprehensive income
for the year ended 31 December 2014

in Euro

	Note	year ended 31-December-2014	year ended 31-December-2013
Sales	*16*	91 970 571	107 255 565
Cost of sales	*17*	(81 705 086)	(97 271 884)
Gross profit		**10 265 485**	**9 983 681**
Selling and administrative expenses	*18*	(10 090 374)	(11 865 206)
Operating profit		**175 111**	**(1 881 525)**
Other non-operating income (expense), (net)	*19*	4 075 203	6 752 213
Finance income	*20*	267 541	467 343
Finance costs	*20*	(296 606)	(451 827)
Profit before tax		**4 221 249**	**4 886 204**
Income tax	*21*	(708 894)	(1 314 035)
Profit for the period		3 512 355	3 572 169
Other comprehensive income		-	-
Total comprehensive income for the period		**3 512 355**	**3 572 169**

The notes on pages 7 to 31 are an integral part of these financial statements.

in Euro

	Note	Share capital (Note 15)	Legal and other reserves (Note 15)	Retained earnings	Total
Balance as at 1 January 2013		**116 105 491**	**2 095 161**	**41 645 855**	**159 846 507**
Transfer to other funds		-	406 683	(406 683)	-
Total comprehensive income for the period		-	-	3 572 169	**3 572 169**
Balance as at 31 December 2013	*15*	**116 105 491**	**2 501 844**	**44 811 341**	**163 418 676**
Capital contribution		-	-	-	**-**
Transfer to legal reserve fund		-	178 608	(178 608)	**-**
Dividends payment		-	-	(42 364 615)	**(42 364 615)**
Total comprehensive income for the period		-	-	3 512 355	**3 512 355**
Balance as at 31 December 2014	*15*	**116 105 491**	**2 680 452**	**5 780 473**	**124 566 416**

The notes on pages 7 to 31 are an integral part of these financial statements.

Samsung Display Slovakia, s.r.o.
Statement of cash flows
for the year ended 31 December 2014

in Euro

	Note	year ended 31-December-2014	year ended 31-December-2013
Cash flow from operating activities			
Net profit for the period		**3 512 355**	**3 572 169**
Adjustments for:			
Depreciation of property, plant and equipment and amortization of intangible assets	*17,18*	38 354 567	36 047 182
Value adjustment to inventory	*8*	(11 488)	(6 162)
Net interest costs / (income)	*20*	(15 059)	(587)
Unrealized exchange rate losses / (gains)		21 608	(13 354)
Loss (gain) on sale of non-current assets	*19*	(359 675)	(20 176)
Tax expense	*21*	708 894	1 314 035
Operating profit before changes in working capital items		**42 211 202**	**40 893 107**
Decrease / (Increase) in trade and other receivables (including accruals and deferrals)	*6*	1 450 167	(2 190 604)
(Decrease) / Increase in trade and other payables (including accruals and deferrals)	*13*	5 451 343	5 880 627
(Decrease) / Increase in deferred income/revenue, including government grant	*14*	(3 112 337)	(3 450 300)
Decrease / (Increase) in inventories	8	(260 925)	1 236 331
Cash generated from (used in) operating activities		**45 739 450**	**42 369 161**
Tax (paid) / refunded	*21*	1 618 764	(2 899 701)
Net cash generated from operating activities		**47 358 214**	**39 469 460**
Cash flows from investing activities			
Interest received	*20*	15 059	587
Acquisition of property, plant and equipment	9	(35 844 912)	(15 982 704)
Proceeds from the sale of non-current assets		749 527	105 073
Net cash used in investing activities		**(35 080 326)**	**(15 877 044)**
Cash flows from financing activities			
Dividends payment		(42 364 615)	-
Net cash provided (repaid) by financing activities		**(42 364 615)**	**-**
Net increase (decrease) in cash and cash equivalents	5, *12*	(30 086 727)	23 592 416
Cash and cash equivalents at the beginning of the period	5, *12*	77 574 308	53 981 892
Cash and cash equivalents at the end of the period	5, *12*	**47 487 581**	**77 574 308**

Reconciliation of cash and cash equivalents at the end of the period

in Euro		31-December-2014	31-December-2013
Cash and cash equivalents	*5*	47 487 581	77 574 308
Cash and cash equivalents at the end of period		**47 487 581**	**77 574 308**

The notes on pages 7 to 31 are an integral part of these financial statements.

1. General information about the Company

Samsung Display Slovakia, s.r.o. (hereinafter referred to as "the Company") is a company incorporated in Slovakia.

The Company's registered address is:

Samsung Display Slovakia, s.r.o.
919 42 Voderady 401
Slovakia

The Company was established on 12 March 2007 and was registered in the Commercial Register on 28 March 2007 under its original name Samsung Electronics LCD Slovakia s.r.o. (Commercial Register of the District Court Bratislava I in Bratislava, Section s.r.o., file 45269/B). Effectively from 8 September 2012 the Company has been renamed to its current name Samsung Display Slovakia, s.r.o. As at 31 December 2012 the Company is registered in the Commercial Register of the District Court Trnava, Section s.r.o., file 23392/T.

The identification number of the Company (IČO) is 36758205 and the tax identification number (DIČ) is 2022348757.

The Company is not a partner with unlimited liability in any entity.

The principal activities of the Company

The principal activity of the Company is the production and sale of TFT LCD and LED panels and modules and the production and sale of electric and electronic components. The Company considers this as the only operating segment.

Average number of employees

In 2014, the average number of employees was 796, including 7 managers (in 2013 it was 813 employees, including 9 managers).

Legal reason for the preparation of the Financial Statements

The Financial Statements of the Company as at 31 December 2014 have been prepared as ordinary financial statements in accordance with Article 17a (2) of the Slovak Act No. 431/2002 Coll. on Accounting for the accounting period from 1 January 2014 to 31 December 2014.

Date of approval of the Financial Statements for the preceding accounting period

The Financial Statements of the Company as at 31 December 2013, i.e., for the preceding accounting period, were approved by the shareholders at the General Meeting held on 17 March 2014.

The Company's bodies

President and Authorized signatory	Mr. Younghwa Dong
Finance Senior Manager and Authorized signatory	Mr. Hyuk Chang Kwon

Information about the ultimate parent

The Company is consolidated into the financial statements of Samsung Display Co., Ltd., Samsung 2 Ro, Giheung-gu 95, Yong-in-City, Gyeonggi-do, Republic of Korea. These consolidated financial statements are further consolidated into the financial statements of Samsung Electronics Co., Ltd., Republic of Korea, the ultimate shareholder. These consolidated financial statements are available at the registered office of the ultimate shareholder at 416 Maetan 3-dong, Yeongtong-gu, Suwon, Gyeonggi-do, Republic of Korea. The address of the Register Court where these consolidated financial statements are filed is Financial Supervisory Service located at 150-743, 97 Yeoui-daero, Youngdeungpo-gu, Seoul, South Korea.

2. Statement of compliance

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

3. Basis of preparation

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

Functional and presentation currency

The financial statements are presented in the Euro which is the Company´s functional currency and are rounded to the whole Euro.

Use of estimates and judgment

The preparation of financial statements in conformity with IFRS 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 the 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, 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 4 c)v – Impairment of property, plant and equipment
- Note 4 f)i – Impairment of inventory

Other non-operating income (expense), (net)

The management of the Company has reassessed the nature of expenses and revenues which were classified as operating income (expense) in preceding reporting periods. In current reporting period such expenses and revenues are classified as non-operating. These expenses and revenues are not part of the core business of the Company; therefore the management has decided to classify them as a non-operating income (expense) net. Comparatives have been adjusted to reflect the current presentation.

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 the functional currency at the foreign exchange rate ruling at the date preceding the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the 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 transaction date. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the Euro at foreign exchange rates ruling at the date the fair value was determined. Foreign exchange differences arising on translation are recognized in profit or loss.

b) 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 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 impairment losses (see accounting policy h). The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

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.

ii. Leased 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 and the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Other leases are operating leases and the leased assets are not recognized on the Company's statement of financial position. 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 recognised as an integral part of the total lease expense, over the term of the lease.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. An arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset. At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Company's incremental borrowing rate.

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. Expenditure on repairs or maintenance of property and equipment incurred to restore or maintain future economic benefits expected from the assets is recognized as an expense when incurred.

iv. Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation commences in the month when the asset was put into use. Land and assets under construction are not depreciated. The estimated useful lives are as follows:

• Buildings and structures	15 years
• Machinery and equipment	5 years
• Vehicles	5 years
• Low value non-current tangible assets	5 years
• Moulds	13 months

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

v. Impairment review

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 the Company determines 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 the Company´s estimates of projected net discounted cash flows expected to result from that asset, including eventual disposition.

d) Intangible assets

i. Owned assets

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

ii. Subsequent costs

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

iii. Amortization

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

- Software 5 years
- Low value non-current intangible assets 5 years

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

iv. Impairment review

Impairment review of intangible assets is performed in a similar manner as for property, plant and equipment described in the accounting policy c)v above.

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 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 production of inventories is based on the weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

i. Impairment (allowance for slow-moving and obsolete inventory)

The Company evaluates the recoverability of its 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 net realizable value of inventory is likely to be less than its carrying value.

g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management are presented within borrowings in current liabilities in the statement of financial position and 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 assets, other than property, plant and equipment (see accounting policy c)v), intangible assets (see accounting policy d)iv) inventories (see accounting policy f)i) and deferred tax assets (see accounting policy n)) 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. 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 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.

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.

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 if no impairment loss had been recognized.

i) Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value plus 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 profit or loss over the period of the borrowings on an effective interest basis.

j) 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.

k) Trade and other payables

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

l) Revenue from goods sold

Revenue from the sale of goods is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods or if there is continuing management involvement with the goods.

m) Finance costs and finance income

Finance costs and finance income comprise:

- interest expense on borrowings calculated using the effective interest method (other than those that are directly attributable to the acquisition, construction or production of a qualifying asset);
- interest income on funds invested;
- gains and losses from revaluation of derivatives to fair value; and
- foreign exchange gains and losses.

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

n) 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 or in other comprehensive income, in which case it is recognized in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income 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 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 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 for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they 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.

o) 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.

p) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. Grants that compensate the Company for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses incurred are recognised in profit or loss as other operating income on a systematic basis in the same periods in which the expenses are recognised.

The Company applies gross presentation for government grants related to assets and recognizes the grant as non – operating income and the depreciation of the asset separately.

q) New standards

The following new Standards and Interpretations are not yet effective for the annual period ended 31 December 2014 and have not been applied in preparing these financial statements.

- Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions (Effective for annual periods beginning on or after 1 February 2015. The amendments apply retrospectively. Earlier application is permitted.) The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. Namely that they are: set out in the formal terms of the plan, linked to service and independent of the number of years of service.

The entity does not expect the Amendment to have any impact on the financial statements since it does have any defined benefit plans that involve contributions from employees or third parties.

- IFRIC 21 Levies (Effective for annual periods beginning on or after 17 June 2014; to be applied retrospectively. Earlier application is permitted.). The Interpretation provides guidance as to the identification of the obligating event giving rise to a liability, and to the timing of recognising a liability to pay a levy imposed by government. In accordance with the Interpretation, the obligating event is the activity that triggers the payment of that levy, as identified in the relevant legislation and as a consequence, the liability for paying the levy is recognised when this event occurs. The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time. If the obligating event is the reaching of a minimum activity threshold, the corresponding liability is recognised when that minimum activity threshold is reached. The Interpretation sets out that an entity cannot have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period.

It is expected that the Interpretation, when initially applied, will not have a material impact on the financial statements, since it does not results in a change in the entity‘s accounting policy regarding levies imposed by governments.

- Annual Improvements to IFRSs

The improvements introduce eleven amendments to nine standards and consequential amendments to other standards and interpretations. Most of these amendments are applicable to annual periods beginning on or after 1 February 2015, with earlier adoption permitted. Another four amendments to four standards are applicable to annual periods beginning on or after 1 January 2015, with earlier adoption permitted.

None of these amendments are expected to have a significant impact on the financial statements of the Entity.

5. Cash and cash equivalents

in Euro	31-December-2014	31-December-2013
Bank balances	34	408
Samsung Electronics European Holding – EUR account (Zero Balance Pooling)	47 360 367	77 477 940
Cash on hand	-	-
Vouchers	127 180	95 960
Cash and cash equivalents	**47 487 581**	**77 574 308**

Balances on bank accounts are at the Company´s full disposal.

In December 2012 the Company entered a 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. Based on this agreement Citibank is notionally consolidating debit and credit balances in accounts in the same location for, inter alia, interest purposes.

As at 31 December 2014 there were bank guarantees provided for the Company in favour of the Custom’s office in amounts of EUR 4 500 000 (31 December 2013: EUR 4 500 000).

6. Trade and other receivables

in Euro	31-December-2014	31-December-2013
Financial assets		
Trade receivables	20 835 687	22 773 371
Non-trade receivables	6 261 933	5 654 160
Receivables from currency forward	27 106	-
VAT receivable	-	-
Less: provision for impairment	-	-
Total financial assets	*27 124 726*	*28 427 531*
Non-financial assets		
Advance payments made	195 499	535 879
Prepaid expenses	661 696	385 531
Accrued revenues	40 847	119 633
Total non-financial assets	*898 042*	*1 041 043*
Total trade and other receivables	**28 022 768**	**29 468 574**

The breakdown of financial trade and other receivables by currency is as follows:

in Euro	31-December-2014 Balance recalculated to EUR	%	31-December-2013 Balance recalculated to EUR	%
EUR	27 124 726	100%	28 415 128	100%
USD	-	0%	12 403	0%
	27 124 726	100%	**28 427 531**	100%
Provision for impairment		-	-	-
	27 124 726	100%	**28 427 531**	100%

The Company is exposed to customer concentration risk as 100 % of trade receivables and 100 % of revenues during the year ended 31 December 2014 (31 December 2013: 100 % of trade receivables; 31 December 2013: 100 % of revenues) has been transacted with group customers (refer to Note 25).

The aging structure of financial trade and other receivables is provided in the table below:

In Euro	31-December-2014	31-December-2013
Not past due	26 982 419	28 409 539
Past due	142 307	17 992
Trade and other receivables – gross	**27 124 726**	**28 427 531**
Provision for impairment	-	-
Trade and other receivables - net	**27 124 726**	**28 427 531**

Credit quality of financial trade and other receivables

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

in Euro	31-December-2014	31-December-2013
Group 1	-	-
Group 2	26 982 419	28 409 539
Group 3	-	-
	26 982 419	**28 409 539**

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

Analysis of overdue financial trade and other receivables that are not impaired

As at 31 December 2014, financial trade and other receivables of EUR 142 307 (31 December 2013: EUR 17 992) were past due but not impaired. These relate to customer for which there is no recent history of default. The ageing analysis of these financial trade and other receivables is as follows:

in Euro	31-December-2014	31-December-2013
Up to 1 month	142 307	17 992
1 to 2 months	-	-
3 to 6 months	-	-
Over 6 months	-	-
	142 307	**17 992**

Impairment of financial trade and other receivables

As at 31 December 2014 and 31 December 2013 no financial trade and other receivables were impaired and provided for.

Receivables are not pledged.

No lien has been established on receivables as at 31 December 2014 and 31 December 2013.

7. Financial instruments by category

in Euro	Assets at fair value through profit and loss	Loans and receivables	Total
31 December 2014			
Assets as per statement of financial position			
Cash and cash equivalents	-	47 487 581	47 487 581
Trade and other receivables (excl. derivatives) - financial	-	27 097 620	27 097 620
Derivative financial instruments	27 106	-	27 106
	27 106	**74 585 201**	**74 612 307**

in Euro	Liabilities at fair value through profit and loss	Other financial liabilities at amortised cost	Total
31 December 2014			
Liabilities as per statement of financial position			
Trade and other payables - financial	-	31 225 356	31 225 356
	-	**31 225 356**	**31 225 356**

in Euro	Assets at fair value through profit and loss	Loans and receivables	Total
31 December 2013			
Assets as per statement of financial position			
Cash and cash equivalents	-	77 574 308	77 574 308
Trade and other receivables (excl. derivatives) - financial	-	28 427 531	28 427 531
	-	**106 001 839**	**106 001 839**

in Euro	**Liabilities at fair value through profit and loss**	**Other financial liabilities at amortised cost**	**Total**
31 December 2013			
Liabilities as per statement of financial position			
Trade and other payables - financial	-	25 120 290	25 120 290
Derivative financial instruments	25 737	-	25 737
	25 737	**25 120 290**	**25 146 027**

8. Inventories

in Euro	**31-December-2014**	**31-December-2013**
Raw materials and consumables	1 993 051	1 723 152
Work in progress and semi-finished goods	2 514	-
Finished goods	-	-
	1 995 565	**1 723 152**

No lien has been established on inventory as at 31 December 2014 and 31 December 2013.

The Company has recorded an impairment provision to raw material and work in progress of EUR 1 677 (31 December 2013: EUR 13 165 /includes provision to finished goods/). The value of inventory has been impaired mainly due to changes in the product range, excessive inventory and decrease in the net realizable value.

9. Property, plant and equipment

in Euro	Land	Structures	Machinery and equipment	Acquisition of property, plant and equipment	Total
Cost					
Balance at 1 January 2013	4 616 132	88 381 650	175 144 569	1 007 575	269 149 926
Acquisitions	-	169 434	15 618 880	145 882	15 934 196
Transfers	-	-	1 007 575	(1 007 575)	-
Disposals	-	-	(244 276)	(117 775)	(362 051)
Balance at 31 December 2013	**4 616 132**	**88 551 084**	**191 526 748**	**28 107**	**284 722 071**
Balance at 1 January 2014	4 616 132	88 551 084	191 526 748	28 107	284 722 071
Acquisitions	-	112 954	28 036 838	7 958 878	36 108 670
Transfer	-	-	28 107	(28 107)	-
Disposals	-	-	48 756 973	147 522	48 904 495
Balance at 31 December 2014	**4 616 132**	**88 664 038**	**170 834 720**	**7 811 356**	**271 926 246**
Depreciation and impairment losses					
Balance at 1 January 2013	-	23 104 098	135 234 006	-	158 338 104
Depreciation charge for the period	-	5 897 463	30 124 040	-	36 021 503
Disposals	-	-	(159 379)	-	(159 379)
Balance at 31 December 2013	**-**	**29 001 561**	**165 198 667**	**-**	**194 200 228**
Balance at 1 January 2014	-	29 001 561	165 198 667	-	194 200 228
Depreciation charge for the period	-	5 908 293	32 429 922	-	38 338 215
Disposals	-	-	48 250 886	-	48 250 886
Balance at 31 December 2014	**-**	**34 909 854**	**149 377 703**	**-**	**184 287 557**
Carrying amounts					
At 1 January 2013	4 616 132	65 277 552	39 910 564	1 007 575	110 811 822
At 31 December 2013	**4 616 132**	**59 549 523**	**26 328 081**	**28 107**	**90 521 843**
At 1 January 2014	4 616 132	59 549 523	26 328 081	28 107	90 521 843
At 31 December 2014	**4 616 132**	**53 754 184**	**21 457 017**	**7 811 356**	**87 638 689**

Insurance
Property, plant and equipment is insured against damage up to EUR 227 375 000 (31 December 2013: 237 170 545).

Lien
As of 31 December 2014 and 31 December 2013 there is no pledged property, plant and equipment.

10. Intangible assets

In Euro	**Software**
Cost	
Balance at 1 January 2013	1 850 827
Acquisitions	48 508
Transfers	-
Disposals	-
Balance at 31 December 2013	**1 899 335**
Balance at 1 January 2014	1 899 335
Acquisitions	-
Transfers	-
Disposals	-
Balance at 31 December 2014	**1 899 335**
Amortization and impairment losses	
Balance at 1 January 2013	1 822 648
Amortization for the period	25 678
Disposals	-
Balance at 31 December 2013	**1 848 326**
Balance at 1 January 2014	**1 848 326**
Amortization for the period	16 353
Disposals	-
Balance at 31 December 2014	**1 864 679**
Carrying amounts	
At 1 January 2013	28 178
At 31 December 2013	**51 009**
At 1 January 2014	51 009
At 31 December 2014	**34 656**

11. Deferred tax (liability) / asset

In Euro	31-December-2014	31-December-2013
Property, plant and equipment	3 015 059	3 792 015
Value adjustment to inventory	369	2 896
Government subsidies	(967 501)	(1 003 232)
Deferred tax (liability) / asset	**2 047 927**	**2 791 679**

All movements in temporary differences were recognized in profit or loss during the relevant periods.

During the years ended 31 December 2010, 31 December 2011 and 31 December 2013, the Company received subsidy for procurement of fixed assets and for creation of new jobs. For accounting purposes the subsidy for procurement of fixed assets is recognized in the statement of comprehensive income over the period of estimated useful life of the assets and the part related to depreciation before recognition date was released in the Statement of Comprehensive Income immediately. For tax purposes all of the subsidy will be released in future periods over the tax life of the assets. The difference between accounting and tax treatment resulted in deferred tax liability. There are no differences between the accounting and tax treatment of subsidy for creation of new jobs.

12. Interest-bearing loans and borrowings

For more information about the Company's exposure to interest rate and foreign currency risk, refer to Note 26.

13. Trade and other payables

in Euro	31-December-2014	31-December-2013
Financial liabilities		
Trade payables	18 730 227	19 896 411
Non-trade payables	10 882 733	3 151 600
Liabilities to employees and social security	1 612 396	2 072 279
Derivative liabilities	-	25 737
Total financial liabilities	*31 225 356*	*25 146 027*
Non-financial liabilities		
VAT liability	706 977	1 319 551
Advance payments received	4 200	-
Accrued income	-	(1 996)
Total non-financial liabilities	*711 177*	*1 317 555*
Total trade and other payables	**31 936 533**	**26 463 582**

The breakdown of financial trade and other payables by currencies is as follows:

in Euro	31-December-2014 Balance recalculated to EUR	%	31-December-2013 Balance recalculated to EUR	%
EUR	29 623 072	95%	23 373 570	93%
USD	1 601 072	5%	1 771 277	7%
GBP	-	0%	-	0%
KRW	1 212	0%	1 180	0%
	31 225 356	**100%**	**25 146 027**	**100%**

Structure of payables according to maturity

The aging structure of financial liabilities is shown in the table below:

In Euro	31-December-2014	31-December-2013
Payables overdue	63 872	8 900
Payables due within 1 year	31 161 484	25 137 127
Total trade and other payables	**31 225 356**	**25 146 027**

Liabilities are not secured by any lien.

Forward contracts

In the reporting period ended 31 December 2014, the Company entered into currency forward contracts on net cash flow position for USD. These contracts are repayable in January 2015 (31 December 2013: January 2014). These derivatives were revalued to fair value and the net revaluation difference was recognized as a finance cost.

Social fund

The social fund liabilities are presented among non-trade payables and changed during the period as follows:

In Euro	31-December-2014	31-December-2013
Balance at beginning of the period	120 454	58 621
Recognized as expenses (contribution)	36 319	92 849
Drawing	(87 357)	(31 016)
Balance at end of the period	**69 415**	**120 454**

According to the Act on the Social Fund, the social fund is used to satisfy social, health, recreation, and other needs of employees.

14. Deferred income

in Euro	31-December-2014	31-December-2013
Government grants - current portion	2 320 571	3 112 338
Government grants – non-current portion	10 142 226	12 462 796
Total deferred income	**12 462 797**	**15 575 134**

The Company has been awarded government grants. They were conditional upon the acquisition of Property, plant and equipment (PPE) and upon the creation of new jobs. Grants, recognized as at 31 December 2014, amount to EUR 12 463 thousand and relate to PPE, which has been utilised since 2008. The grant recognised as deferred income is being amortised over the useful life of the PPE.

15. Capital and reserves

Share capital

The total authorized and issued share capital of the Company amounts to EUR 116 105 491 as at 31 December 2014 (31 December 2013: EUR 116 105 491). The share capital is fully paid up.

The ownership structure is as follows:

	31-December-2014 (EUR)	Share and voting rights (%)	31-December-2013 (EUR)	Share and voting rights (%)
Samsung Display Co., Ltd., Republic of Korea	116 105 491	100%	116 105 491	100%
Total	**116 105 491**	**100%**	**116 105 491**	**100%**

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 the fund’s balance has not reached yet its minimum amount, a further distribution from the Company’s profits is required in the future. Distribution of the legal reserve fund can be used for covering the Company’s losses only.

Distribution of profit of the preceding period

The Company achieved a statutory profit of EUR 3 572 169 for the year ended 31 December 2013 part of which was transferred to the legal reserve fund (EUR 178 608), as per the local Commercial code. The Company achieved a statutory profit of EUR 3 512 355 for the year ended 31 December 2014, under local Commercial code, part of which is to be transferred to the legal reserve fund (EUR 175 618).

16. Sales

Sales are mainly represented by processing fees (production of TFT LCD and LED panels). The breakdown of sales according to the individual territories is as follows:

in Euro	year ended 31-December-2014	year ended 31-December-2013
South Korea (processing fee)	31 165 722	52 528 171
Slovakia (sales of material)	60 804 757	53 510 715
Others	92	1 216 679
	91 970 571	**107 255 565**

17. Cost of sales

in Euro	**year ended 31-December-2014**	**year ended 31-December-2013**
Depreciation and amortization	33 626 992	30 649 415
Consumption of material	17 801 733	33 981 285
Personnel expenses	13 545 173	14 895 563
Commission and service charges	9 696 499	11 380 404
Utilities	2 696 216	3 122 536
Repair and maintenance	1 651 587	589 676
External processing	1 070 818	1 042 228
Rent expense	722 881	737 038
Insurance	189 215	192 026
Other	703 972	681 713
	81 705 086	**97 271 884**

18. Selling and administrative expenses

in Euro	**year ended 31-December-2014**	**year ended 31-December-2013**
Depreciation and amortization	4 727 575	5 397 767
Personnel expenses	1 976 055	2 278 625
Commission and service charges	1 160 641	1 296 404
IT expenses	1 100 424	1 083 438
Communication	262 208	416 490
Rent and lease expense	188 907	255 632
Insurance	143 735	147 607
Consumable supplies	108 985	211 842
Taxes and dues	108 874	111 041
Audit fee	83 586	79 920
Representation expenses	62 871	57 411
Transport	43 970	166 229
Travel	32 994	45 793
Repair and maintenance	29 201	46 769
Service expense (consumption of material used for repair of panels)	-	161 171
Other	60 348	109 067
	10 090 374	**11 865 206**

Breakdown of costs for services provided by the auditing company

in Euro	**year ended 31-December-2014**	**year ended 31-December-2013**
Audit of FS (Under/overstatement of accrual for prior year audit)	(1 274)	(3 880)
Other assurance services (Review services, audit of investment report)	84 860	83 800
	83 586	**79 920**

19. Other non-operating income (expense), net

in Euro	**year ended 31-December-2014**	**year ended 31-December-2013**
Gain from Government Subsidies	3 112 338	5 718 418
Gain on Disposal of Tangible Assets	749 527	-
Reinvoicing of services	613 660	393 127
Revenues from repair of LCD panels	72 089	610 459
Loss on disposal of non-current assets	(389 852)	-
Other	(82 559)	30 209
	4 075 203	**6 752 213**

20. Finance income and finance costs

in Euro	**year ended 31-December-2014**	**year ended 31-December-2013**
Interest expense	-	-
Interest income	15 059	587
Net interest income (expense)	**15 059**	**587**
Foreign exchange losses	(296 606)	(436 108)
Foreign exchange gains	149 390	466 756
Net foreign exchange gains / (losses)	**(147 216)**	**30 648**
(Losses) and gains on revaluation of derivatives, net	103 092	(15 719)
Other financial income/(expense)	-	-
Net finance income/(costs)	**(29 065)**	**15 516**
Split as:		
Finance income	267 541	467 343
Finance costs	(296 606)	(451 827)

The amount of interest income was generated from the cash deposits at banks. The amount of interest expense relates to the bank loans.

21. Income tax

in Euro	year ended 31-December-2014	year ended 31-December-2013
Current tax expense		
Original period income tax charge	-	1 462 795
Correction of prior period income tax charge	(34 858)	-
Total current tax expense	**(34 858)**	**1 462 795**
Deferred tax expense		
Origination and reversal of temporary differences	743 752	(161 341)
Decrease/(increase) in tax rate	-	12 581
Total income tax (income)/expense in profit or loss	**708 894**	**1 314 035**

Reconciliation of the effective tax rate

in Euro	year ended 31-December-2014	%	year ended 31-December-2013	%
Profit before tax	4 221 249		4 886 205	
Income tax using the domestic corporate tax rate	928 675	22%	1 123 827	23%
Correction of prior period income tax charge	-	0%	-	0%
Tax non-deductible expenses and other items	(928 675)	(22%)	28 867	1%
Change in deductible temporary differences	743 752	18%	148 760	13%
Change in tax rate	-	0%	12 581	0%
Income tax (income)/expense in profit or loss	**708 894**	**17%**	**1 314 035**	**27%**

22. Capital commitments

There are no significant capital commitments as at 31 December 2014 and 31 December 2013.

23. Operating Leases

Leases as lessee

The Company leases 8 personal cars. These leases are classified as operating. The lease rentals are payable as follows:

In Euro	31-December-2014	31-December-2013
Less than one year	42 796	85 041
Between one and five years	23 269	30 690
More than five years	-	-
	66 065	**115 731**

Leases as lessor

As at 31 December 2014, the Company leases out items of its property, plant and equipment to its suppliers in total acquisition costs of EUR 47 284 thousand (31 December 2013: EUR 47 284 thousand). These leases have been concluded for one-year period without any non-cancellable clause. Therefore future committed minimum lease payments are insignificant.

24. Contingencies

Uncertainties in tax legislation

As many areas of the Slovak tax law have not been sufficiently tested in practice, there is some uncertainty as to how the tax authorities would apply them. For example, the Slovak transfer pricing legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of transactions with foreign related parties if the Company's transaction prices are determined not to be on an arm´s length basis. It is possible with the evolution of the approach of the Slovak tax authorities to the application of the transfer pricing rules that the Company's transfer prices could potentially be challenged. The extent of this uncertainty cannot be quantified. It will be reduced only if legal precedents or official interpretations are available. The Company's management is not aware of any circumstances that may give rise to a future material expense in this respect.

25. Related parties

Identity of related parties

The Company has a related party relationship with various 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

Key management includes two statutory representatives as they are the persons who have authority and responsibility for planning, directing and controlling the activities of the entity. The compensation paid or payable to key management by the Company or to the parent company for services provided by the key management is included in the caption of administrative expense in profit or loss in the amount of TEUR 227 (year ended 31 December 2013: TEUR 246).

Other related party transactions

The Company carried out the following transactions with the related parties:

in Euro	**year ended 31-December-2014**	**year ended 31-December-2013**
Samsung Semiconductor Europe GmbH	46 200	50 400
SAMSUNG Electronics Slovakia, s. r. o.	60 804 757	54 278 262
SAMSUNG DISPLAY CO., LTD.	32 544 933	52 231 467
SAMSUNG ELECTRONICS HUNGARIAN	9 383	17 508
SAMSUNG INTERNATIONAL INC.	15 548	17 016
SAMSUNG ELECTRONICS EGYPT S.A.E	42 000	-
Total sales	**93 462 821**	**106 594 653**

in Euro	year ended 31-December-2014	year ended 31-December-2013
SAMSUNG ELECTRONICS CO., (raw mat.,asset, other services)	702 785	13 893 416
SEMES.CO.,LTD (material, other services)	57 366	2 517
SAMSUNG ELECTRONICS LOGITECH CO.,LT (logist. services)	10 245	309 263
SAMSUNG ELECTRONICS UK LTD (treasury, interest, other service)	8 045	4 584
SAMSUNG ELECTRONICS SLOVAKIA S.R.O. (other service)	74 867 301	45 145 462
SAMSUNG SDS EUROPE LTD. (IT services, other services)	461 290	826 203
SAMSUNG ELECTRONICS AMERICA, INC.	-	458 682
IMARKET CHINA CO., LTD. (MRO material)	-	198 371
Samsung Display Co., (raw mat.,asset, other services)	3 944 403	10 066 716
SAMSUNG SDI CO.,LTD.	40 049	-
SAMSUNG ELECTRONICS HUNGARY LTD.	51 043	195 592
SAMSUNG ELECTRONICS POLAND MANUFACTURING	-	119
Total purchases	**80 142 527**	**71 100 926**

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

in Euro	31-December-2014	31-December-2013
Trade receivables	20 835 687	22 773 371
Other intercompany receivables	838 782	875 402
Intercompany cash pooling	47 360 367	77 477 940
Total receivables	**69 034 836**	**101 126 713**

in Euro	31-December-2014	31-December-2013
Trade liabilities	5 606 338	5 645 352
Other intercompany liabilities	8 245 286	606 102
Total payables	**13 851 624**	**6 251 454**

Transactions between related parties have been realized on an arm´s length basis.

26. Risk management

Overview

Exposure to credit, market, 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.

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 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 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.

100% (31 December 2013: 100%) of the Company's revenue is attributable to sales transactions with customers in the Samsung Electronics Group which are related parties. To date the Company has recovered all due amounts from Samsung Electronics Group customers.

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

For banks and financial institutions, only independently rated parties with a minimum rating of ´A´ are accepted.

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 overdraft accounts and short term facilities to finance their operational needs, whereas the long term financing and equity are used to finance its investments.

For managing its liquidity the Company is preparing monthly, quarterly and annual cash flow forecasts.

The following are contractual maturities of financial liabilities:

31 December 2014

in Euro	*Note*	*Carrying amount*	*less than 1 year*	*1 – 5 years*	*more than 5 years*
Trade and other payables	13	31 936 533	31 936 533	-	-
		31 936 533	**31 936 533**	**-**	**-**

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

The following are contractual maturities of financial liabilities:

31 December 2013

in Euro	*Note*	*Carrying amount*	*less than 1 year*	*1 – 5 years*	*more than 5 years*
Derivative liabilities	13	25 737	25 737		
Trade and other payables	13	26 437 845	26 437 845	-	-
		26 463 582	**26 463 582**	**-**	**-**

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.

The Company is exposed indirectly to the purchasing trends of consumers in the consumer electronics sector. This risk is managed by the Company’s parent company through monitoring market trends and adjusting production volumes accordingly.

Currency risk

Foreign currency risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the Company´s functional currency.

The Company is exposed to foreign currency risk on cash, purchases and interest-bearing borrowings that are denominated in a currency other than the Euro. Other currencies used in the Company´s transactions are primarily U.S. Dollars and GBP. However, the change in value of the Euro against these and other foreign currencies would not have a material impact on the Company’s profit before tax, as a majority of transactions is performed in Euro.

The Company has set up a policy of managing its foreign exchange risk against the functional currency. To manage the foreign currency risk arising from future commercial transactions and recognized assets and liabilities, the Company uses forward contracts (refer to Note 13).

At 31 December 2014, if the Euro had strengthened / weakened by 1% against other foreign currencies, with all other variables held constant, post-tax profit for the period would have been approximately 13 thousand EUR higher / lower (at 31 December 2013, if the Euro had strengthened / weakened by 1% against other foreign currencies, post-tax profit would have been approximately 14 thousand EUR higher / lower).

Interest rate risk

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

An increase or decrease of interest rate (euribor, libor) by 100 basis points, considering all other factors remain unchanged, would cause a decrease or an increase of post-tax profit by approximately 0 thousand EUR (31 December 2013: approximately 0 thousand EUR).

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 planned within the next years. The Company's needs for the capital are satisfied through borrowings and not through changes in the share capital. No significant share options are provided to employees or other external parties.

There were no changes in the Group's approach to capital management during the period.

27. 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 with variable interest rate is estimated as the present value of the future cash flows discounted at market rate of interest at the reporting date and is approximated by their carrying amounts as at 31 December 2014.

28. Events after the end of reporting period

No events occurred after the end of reporting period that would require adjustment or additional disclosure to the financial statements and notes to the financial statements.

These financial statements were authorized for issue on January 23, 2015.

Mr Hyuk Chang Kwon

Statutory representative /
person responsible for bookkeeping
and preparation of the financial statements