

**SAMSUNG Electronics Slovakia s.r.o.**

Financial Statements  
as at 31 December 2013  
and for the year then ended

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

(Translation from Slovak original)

Independent Auditor's Report	
Statement of profit or loss and other comprehensive income for the year ended 31 December 2013	1
Statement of financial position as at 31 December 2013	2
Statement of changes in equity for the year ended 31 December 2013	3
Statement of cash flows for the year ended 31 December 2013	4
Notes to the financial statements for the year ended 31 December 2013	5-28



**KPMG Slovensko spol. s r. o.**  
Dvořákovo nábrežie 10  
P. O. Box 7  
820 04 Bratislava 24  
Slovakia

Telephone +421 (0)2 59 98 41 11  
Fax +421 (0)2 59 98 42 22  
Internet [www.kpmg.sk](http://www.kpmg.sk)

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

**Independent Auditor's Report**

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

We have audited the accompanying financial statements of SAMSUNG Electronics Slovakia s.r.o. ("the Company"), which comprise the statement of financial position as at 31 December 2013, 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 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 audit opinion.

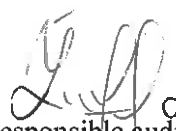
*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2013, 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.

24 January 2014  
Bratislava, Slovak Republic



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



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

SAMSUNG Electronics Slovakia s.r.o.  
Statement of profit or loss and other comprehensive income  
for the year ended 31 December 2013

*In thousands of euro*

	<i>Note</i>	<b>Year ended 31 December 2013</b>	<b>Year ended 31 December 2012</b>
Revenue	6	3 144 279	3 647 912
Cost of sales	7	(3 002 973)	(3 493 817)
<b>Gross profit</b>		<b>141 306</b>	<b>154 095</b>
Administrative and selling expenses	8	(25 910)	(26 672)
<b>Operating profit</b>		<b>115 396</b>	<b>127 423</b>
Finance costs	9	(8 722)	(29 556)
Finance income	9	8 312	26 536
Other non-operating income / (expense)		209	-
<b>Profit before tax</b>		<b>115 195</b>	<b>124 403</b>
Income tax expense	10	(18 024)	(22 620)
<b>Profit for the period</b>		<b>97 171</b>	<b>101 783</b>
<b>Other comprehensive income</b>			
Other comprehensive income, net of tax		-	-
<b>Total comprehensive income for the period</b>		<b>97 171</b>	<b>101 783</b>

The notes on pages 5 to 28 are an integral part of these financial statements.

SAMSUNG Electronics Slovakia s.r.o.  
Statement of financial position  
as at 31 December 2013

*In thousands of euro*

	<i>Note</i>	<b>31 December 2013</b>	<b>31 December 2012</b>
<b>Assets</b>			
Property, plant and equipment	11	62 981	65 050
Other receivables		91	607
Deferred tax assets	12	2 643	2 433
<b>Total non-current assets</b>		<b>65 715</b>	<b>68 090</b>
Inventories	13	210 541	293 784
Trade and other receivables	14	327 983	497 862
Cash and cash equivalents	15	607 137	338 120
<b>Total current assets</b>		<b>1 145 661</b>	<b>1 129 766</b>
<b>Total assets</b>		<b>1 211 376</b>	<b>1 197 856</b>
<b>Equity</b>			
Share capital	16	43 098	43 098
Legal reserve fund	16	4 310	4 310
Retained earnings		946 134	848 963
<b>Total equity</b>		<b>993 542</b>	<b>896 371</b>
<b>Liabilities</b>			
Interest-bearing loans and borrowings	17		304
Trade and other payables	19	217 834	301 181
<b>Total current liabilities</b>		<b>217 834</b>	<b>301 485</b>
<b>Total liabilities</b>		<b>217 834</b>	<b>301 485</b>
<b>Total equity and liabilities</b>		<b>1 211 376</b>	<b>1 197 856</b>

The notes on pages 5 to 28 form an integral part of these financial statements.

SAMSUNG Electronics Slovakia s.r.o.  
Statement of changes in equity  
for the year ended 31 December 2013

	Share capital (Note 16)	Legal reserve fund (Note 16)	Retained earnings	Total
<i>In thousands of euro</i>				
<b>Balance as of 1 January 2012</b>	<b>43 098</b>	<b>4 310</b>	<b>747 180</b>	<b>794 588</b>
Increase in share capital	-	-	-	-
Contribution to legal reserve fund	-	-	-	-
Total comprehensive income for the year ended 31 December 2012	-	-	101 783	101 783
<b>Balance as of 31 December 2012</b>	<b>43 098</b>	<b>4 310</b>	<b>848 963</b>	<b>896 371</b>
<b>Balance as of 1 January 2013</b>	<b>43 098</b>	<b>4 310</b>	<b>848 963</b>	<b>896 371</b>
Increase in share capital	-	-	-	-
Contribution to legal reserve fund	-	-	-	-
Total comprehensive income for the year ended 31 December 2013	-	-	97 171	97 171
<b>Balance as of 31 December 2013</b>	<b>43 098</b>	<b>4 310</b>	<b>946 134</b>	<b>993 542</b>

The notes on pages 5 to 28 are an integral part of these financial statements.

SAMSUNG Electronics Slovakia s.r.o.  
Statement of cash flows  
for the year ended 31 December 2013

*In thousands of euro*

	Note	Year ended 31 December 2013	Year ended 31 December 2012
<b>Cash flows from operating activities</b>			
Profit for the period		97 171	101 783
Adjustments for:			
Depreciation	11	29 469	29 924
Write-off of inventory	13	15 110	9 877
Creation of provision to inventory		53	396
Net foreign exchange unrealized differences		186	(215)
Net financing costs		-	(701)
Revaluation of currency forwards		116	813
Income tax expense	10	18 024	22 620
Loss (gain) on sale of property, plant and equipment		8	161
<b>Operating profit before changes in working capital and provisions</b>		<b>160 137</b>	<b>164 658</b>
Decrease / (increase) in inventories		68 080	(193 699)
Decrease / (increase) in receivables		158 631	(2 723)
Increase / (decrease) in payables		(85 612)	(173 970)
<b>Cash generated from operations</b>		<b>301 236</b>	<b>(205 735)</b>
Interest paid		(2)	(115)
Income taxes received/(paid)		(6 457)	(52 856)
<b>Net cash from (used in) operating activities</b>		<b>294 777</b>	<b>(258 705)</b>
<b>Cash flows from investing activities</b>			
Interest received		2	816
Proceeds from sale of property, plant and equipment		279	8 818
Acquisition of property, plant and equipment		(25 737)	(30 584)
<b>Net cash from (used in) investing activities</b>		<b>(25 456)</b>	<b>(20 950)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings other than overdraft		-	-
Receipts from borrowings other than overdraft		-	-
<b>Net cash from (used in) financing activities</b>		<b>-</b>	<b>-</b>
Net increase/ (decrease) in cash and cash equivalents		269 321	(279 655)
Cash and cash equivalents at 1 January		337 816	617 471
<b>Cash and cash equivalents at 31 December</b>		<b>607 137</b>	<b>337 816</b>
<b>Cash and cash equivalents:</b>			
Cash in banks	15	338 120	893 857
Bank overdrafts	17	(304)	(276 386)
<b>Balance as at 1 January</b>		<b>337 816</b>	<b>617 471</b>
Cash in banks	15	607 137	338 120
Bank overdrafts	17	-	(304)
<b>Balance as at 31 December</b>		<b>607 137</b>	<b>337 816</b>

The notes on pages 5 to 28 are an integral part of these financial statements.



## **1. Reporting entity**

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

SAMSUNG Electronics Slovakia s.r.o.  
Hviezdoslavova 807  
924 27 Galanta

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

These individual financial statements have been prepared as at 31 December 2013 and for the year then ended and were prepared and authorized for issue by the Company's directors on 23 January 2014.

### **The Company's bodies:**

Directors	Kangkil Lee
	Kyung Jin Kim

### **Information about the ultimate parent**

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

## **2. Basis of preparation**

### **(a) Statement of compliance**

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

### **(b) Basis of measurement**

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

### **(c) Functional currency**

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

### **(d) Use of estimates and judgment**

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

- Note 11 – Impairment of property, plant and equipment
- Note 13 – Net realizable value of inventories

*Impairment of property, plant and equipment*

Factors considered important to identify possible impairment include the following:

- Technological advancements in the industry;
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of our use of the acquired assets or the strategy for our overall business;
- Obsolescence of products.

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

*Allowance for slow-moving and obsolete inventory*

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

### **3. Significant accounting policies**

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

#### **a) Foreign currency**

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

## **b) Financial instruments**

### **i. Non-derivative financial assets**

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

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

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

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

#### **Loans and receivables**

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

Loans and receivables comprise trade and other receivables.

#### **Cash and cash equivalents**

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

### **ii. Non-derivative financial liabilities**

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

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

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

The Company has the following non-derivative financial liabilities: interest bearing loans and borrowings, bank overdrafts, and trade and other payables.

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

### **iii. Derivative financial instruments**

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

Derivative financial instruments are recognized initially at fair value and subsequent to initial recognition, they are re-measured to their fair value. The gain or loss on re-measurement to fair value is recognized immediately in profit or loss as part of 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 e). The cost of self-constructed assets includes the cost of materials, direct labor, any other costs directly attributable to bringing the asset to working condition for its intended use, and, where relevant, the costs of dismantling and removing the items and restoring the site on which they are located.

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

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

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

#### **ii. Leased assets**

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

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

#### **iii. Subsequent costs**

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

#### **iv. Depreciation**

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

The estimated useful lives are as follows:

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

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

#### **d) Inventories**

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

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

#### **e) Impairment**

##### **Financial assets**

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

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

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

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

##### **Non-financial assets**

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

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of the assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of

money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable asset group that generates cash inflows that are largely independent from other assets and groups. Impairment losses are recognized in profit or loss.

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

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

#### **f) Dividends**

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

#### **g) Provisions**

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

#### **h) Revenue**

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

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

#### **i) Expenses**

##### **i. Operating lease payments**

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

##### **ii. Finance costs and finance income**

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

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

#### **j) Income tax**

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

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

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

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

#### **k) Employee benefits**

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

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

#### **l) New standards**

The following new Standards and Interpretations are effective for the annual period ended 31 December 2013

- IFRS 13 Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013)

IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains 'how' to measure fair value when it is required or permitted by other IFRSs. The standard does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The standard contains an extensive disclosure framework that provides additional disclosures to existing requirements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements with significant unobservable inputs, the effect of the measurements on profit or loss or other comprehensive income.

IFRS 13 does not have material impact on the financial statements since management considers the methods and assumptions currently used to measure the fair value of assets to be consistent with IFRS 13.

The following new Standards and Interpretations are not yet effective for the annual period ended 31 December 2013 and have not been applied in preparing these financial statements:

- IFRS 10 Consolidated Financial Statements and IAS 27 (2011) Separate Financial Statements (Effective for annual periods beginning on or after 1 January 2014; Earlier application is permitted if IFRS 11, IFRS 12, IAS 27 (2011) and IAS 28 (2011) are also applied early.) This Standard is to be applied retrospectively when there is a change in control conclusion.

The amendments are not relevant to the entity's financial statements, since the entity does not have any investees.

- IFRS 11 Joint Arrangements (Effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively subject to transitional provisions. Earlier application is permitted if IFRS 10, IFRS 12, IAS 27 (2011) and IAS 28 (2011) are also applied early.)

The amendments are not relevant to the entity's financial statements, since the entity does not have any investees.

- IFRS 12 Disclosure of Interests in Other Entities (Effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively, except not required to present comparative information for unconsolidated structured entities for any periods before the first annual period for which IFRS 12 is applied. Earlier application is permitted.)

The amendments are not relevant to the entity's financial statements, since the entity does not have interests in other entities.

- IAS 27 (2011) Separate Financial Statements (Effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted if IFRS 10, IFRS 11, IFRS 12 and IAS 28 (2011) are also applied early.)

The amendments are not relevant to the entity's financial statements, since the entity does not issue separate and consolidated financial statements.

- IAS 28 (2011) Investments in Associates and Joint Ventures (Amendments effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted if IFRS 10, IFRS 11, IFRS 12 and IAS 27 (2011) are also applied early.)

The entity does not expect the amendments to Standard to have material impact on the financial statements since it does not have any investments in associates or joint ventures that will be impacted by the amendments.

- Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities (Effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted, however the additional disclosures required by Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities must also be made.)

The Company is currently analyzing the impact of the amended standard on its financial statements.

- Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities (Effective for annual periods beginning on or after 1 January 2014; early adoption is permitted; to be applied retrospectively subject to transitional provisions.)

The amendments are not relevant to the entity's financial statements, since the entity does not have any investees.

- Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets (Effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted, however an entity shall not apply the amendments in periods (including comparative periods) in which it does not also apply IFRS 13.)

The Entity does not expect the new Standard will have a material impact on the financial statements.



- Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting (Effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted, however an entity shall not apply the amendments in periods (including comparative periods) in which it does not also apply IFRS 13.)

The entity does not expect the new standard to have any impact on the financial statements, since the entity does not apply hedge accounting.

#### **4. Fair values**

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

##### ***Trade and other receivables***

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

##### ***Derivatives***

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

##### ***Non-derivative financial liabilities***

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

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

#### **5. Financial risk management**

##### **Overview**

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

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

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

##### **Risk management framework**

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

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

### Credit risk

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

### Trade and other receivables

Approximately 86 percent of the Company's revenue is attributable to sales transactions with a single customer that is a related party - Samsung Electronics Europe Logistics B.V. This is due to Samsung Headquarter's decision that the Company has to sell the majority of its products via a special entity that concentrates on logistics services. In the past, the Company has never suffered losses from Samsung Electronics Europe Logistics B.V.

### Credit quality of trade and other receivables

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

*In thousands of euro*

	31 December 2013	31 December 2012
Group 1	1	25
Group 2	327 982	497 837
Group 3	-	-
	<b>327 983</b>	<b>497 862</b>

Group 1 – new customers (less than 6 months)

Group 2 – existing customers (more than 6 months) with no defaults in the past

Group 3 – existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered.

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

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

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

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

### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, to the extent possible, that it will always have sufficient liquidity to meet its

liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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

#### **Market risk**

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

#### **Currency risk**

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

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

It is estimated that an increase/decrease of one percentage point in the value of the euro against other foreign currencies as at 31 December 2013 would decrease/increase the Company's profit before tax by approximately TEUR 95 (31 December 2012: TEUR 220).

#### **Interest rate risk**

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

#### **Operational risk**

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

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

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

#### **Capital management**

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

## 6. Revenue

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

*In thousands of euro*

	Year ended 31 December 2013	Year ended 31 December 2012
LCD TV – LED	2 556 672	2 722 570
LCM panels	421 542	628 437
LCD Large Format Displays	112 230	82 010
OLED TV	1 655	-
<b>Subtotal – Sale of finished goods</b>	<b>3 092 099</b>	<b>3 433 017</b>
Semi-finished goods	2	71
Sale of raw material	52 176	214 824
<b>Total</b>	<b>3 144 279</b>	<b>3 647 912</b>

In the second quarter of 2012 the Company started to produce LCM panels for purposes of own TV production and for sale to other Samsung group entities. In the third quarter of 2013 the Company started to produce OLED TVs as a new type of LED TV with a better display technology.

## 7. Cost of sales

Cost of sales comprises:

*In thousands of euro*

	Year ended 31 December 2013	Year ended 31 December 2012
Material	2 388 202	3 358 424
Personnel expenses	22 774	22 153
Depreciation of PP&E	28 644	29 066
Other	63 353	84 174
<b>Total</b>	<b>3 002 973</b>	<b>3 493 817</b>

The average number of employees for the year ended 31 December 2013 was 1 415 out of that 2 directors (year ended 31 December 2012: 1 460 out of that 2 directors).

## 8. Administrative and selling expenses

*In thousands of euro*

	Year ended 31 December 2013	Year ended 31 December 2012
Personnel expenses	8 097	7 684
Service charges	4 644	4 982
Transportation	3 964	3 994
Depreciation of PP&E	825	858
Other	8 380	9 154
	<b>25 910</b>	<b>26 672</b>

## 9. Finance costs and income

### Recognized in profit or loss

*In thousands of euro*

	Year ended 31 December 2013	Year ended 31 December 2012
Interest expense	(2)	(115)
Interest income	2	815
<i>Net interest income (expense)</i>		700
Foreign exchange losses	(3 566)	(7 181)
Foreign exchange gains	4 814	15 241
<i>Net foreign exchange gains (losses)</i>	1 248	8 060
Losses from forex forward transactions	(5 154)	(22 259)
Gains from forex forward transactions	3 496	10 479
<i>Net gains (losses) from forex forward transactions</i>	(1 658)	(11 780)
<b>Total</b>	<b>(410)</b>	<b>(3 020)</b>
<i>Presented as:</i>		
Finance costs	(8 722)	(29 556)
Finance income	8 312	26 536

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

## 10. Income tax expense

*In thousands of euro*

	Year ended 31 December 2013	Year ended 31 December 2012
<b>Current tax expense</b>		
Current tax charge	19 235	23 077
<b>Subtotal</b>	<b>18 235</b>	<b>23 077</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(211)	(457)
<b>Total income tax expense in statement of profit and loss and other comprehensive income</b>	<b>18 024</b>	<b>22 620</b>

## Reconciliation of the effective tax rate

*In thousands of euro*

	2013	%	2012	%
Profit before tax	115 195		124 403	
Income tax using the domestic corporate tax rate	26 495	23.0%	23 637	19.0%
Origination and reversal of temporary differences	(289)	(0.2)%	(25)	(0.0)%
State aid	(8 920)	(7.7)%	(980)	(0.8)%
Change in tax rate	78	(0.0)%	(432)	(0.4)%
Non-taxable items, tax non-deductible items	660	0.5%	420	0.4%
<b>Total income tax expense in statement of profit and loss and other comprehensive income</b>	<b>18 024</b>	<b>15.6%</b>	<b>22 620</b>	<b>18.2%</b>

The Company was granted state aid in 2012 in the amount of TEUR 19 800, of which TEUR 980 has been utilized in the last quarter of 2012 and TEUR 8 920 has been utilized in the year ended 31 December 2013. Accordingly the Company has decreased its current tax charge.

The remaining tax benefit as at 31 December 2013 amounting to TEUR 9 900 can be utilized based on the state aid conditions during the next three years.

The corporate income tax rate in the Slovak Republic has been increased from 19% to 23% effective for periods started on 1 January 2013. In 2013 the corporate income tax rate decrease from 23% to 22% has been enacted by Slovak government. The change of the tax rate is effective since 1 January 2014.

## 11. Property, plant and equipment

*In thousands of euro*

### Cost

	Land and buildings	Plant and equipment	Information technology and other	Under construction	Total
Balance as at 1 January 2012	51 424	157 169	3 631	6 835	219 059
Acquisitions	1 138	21 446	767	1 856	25 207
Transfers	-	6 748	-	(6 748)	-
Disposals	-	(36 336)	(541)	-	(36 877)
<b>Balance as at 31 December 2012</b>	<b>52 562</b>	<b>149 027</b>	<b>3 857</b>	<b>1 943</b>	<b>207 389</b>

Balance as at 1 January 2013	52 562	149 027	3 857	1 943	207 389
Acquisitions	602	20 630	564	5 891	27 687
Transfers	4	1 852	2	(1 858)	-
Disposals	-	(11 489)	(229)	-	(11 718)
<b>Balance as at 31 December 2013</b>	<b>53 168</b>	<b>160 020</b>	<b>4 194</b>	<b>5 976</b>	<b>223 358</b>

### Depreciation and impairment losses

Balance as at 1 January 2012	14 246	124 415	2 603	-	141 264
Depreciation charge for the period	2 514	27 025	385	-	29 924
Transfers	-	-	-	-	-
Disposals	-	(28 318)	(531)	-	(28 849)
<b>Balance as at 31 December 2012</b>	<b>16 760</b>	<b>123 122</b>	<b>2 457</b>	<b>-</b>	<b>142 339</b>

Balance as at 1 January 2013	16 760	123 122	2 457	-	142 339
Depreciation charge for the period	2 552	26 432	485	-	29 469
Transfers	-	-	-	-	-
Disposals	-	(11 209)	(222)	-	(11 431)
<b>Balance as at 31 December 2013</b>	<b>19 312</b>	<b>138 345</b>	<b>2 720</b>	<b>-</b>	<b>160 377</b>

### Carrying amounts

As at 1 January 2012	37 178	32 754	1 028	6 835	77 795
<b>As at 31 December 2012</b>	<b>35 802</b>	<b>25 905</b>	<b>1 400</b>	<b>1 943</b>	<b>65 050</b>

As at 1 January 2013	35 802	25 905	1 400	1 943	65 050
<b>As at 31 December 2013</b>	<b>33 856</b>	<b>21 675</b>	<b>1 474</b>	<b>5 976</b>	<b>62 981</b>

### Impairment loss

No impairment losses have been recognized as of 31 December 2013 and 31 December 2012.

### Insurance

Property, plant and equipment is insured against damage caused by fire up to TEUR 178 536 and against mechanical and electric damage up to TEUR 83 319 (31 December 2012: TEUR 178 536 and TEUR 83 319 respectively).

### Security

No property, plant and equipment is pledged or subject to any other form of security as at 31 December 2013 and 31 December 2012.

## Ownership

Ownership of property, plant and equipment (production halls) with a net book value of TEUR 2 243 had not been registered in the land cadastre as at 31 December 2013 as Company property. The Company expects such record in the land cadastre during 2014.

## 12. Deferred tax

Recognized deferred tax assets are attributable to the following:

*In thousands of euro*

	31 December 2013	31 December 2012
Property, plant and equipment	1 664	2 076
Inventories	140	135
Other items	839	222
<b>Total</b>	<b>2 643</b>	<b>2 433</b>

All movements in temporary differences were recognized in profit or loss during the relevant periods. The Company has no unrecognized deferred tax assets and liabilities as at 31 December 2013 and 31 December 2012. Deferred tax as at 31 December 2013 has been recalculated using tax rate of 22%.

## 13. Inventories

*In thousands of euro*

	31 December 2013	31 December 2012
Raw materials and consumables	203 896	290 713
Work in progress, semi-finished, finished goods and merchandise	6 645	3 071
<b>Total</b>	<b>210 541</b>	<b>293 784</b>

During the year ended 31 December 2013 raw materials, consumables and changes in finished good and work in progress recognised as cost of sales amounted to TEUR 2 888 202 (year ended 2012: TEUR 3 358 424).

As at 31 December 2013 the Company has recorded an inventory obsolescence provision in the amount of TEUR 635 (31 December 2012: TEUR 582). The Company has recorded an inventory obsolescence charge (inventory write off) during the year ended 31 December 2013 amounting to TEUR 15 110 (year ended 2012: TEUR 9 877).

## 14. Trade and other receivables

*In thousands of euro*

	31 December 2013	31 December 2012
Trade receivables (due from related parties)	290 320	418 756
VAT receivable	17 171	64 997
Current tax receivable	4 281	-
Other receivables	16 211	14 109
Subtotal	327 983	497 862
Less: Allowance for bad and doubtful debts	-	-
<b>Total</b>	<b>327 983</b>	<b>497 862</b>



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

<i>In thousands of euro</i>	<b>31 December 2013</b>		<b>31 December 2012</b>	
	<b>Balance recalculated to TEUR</b>		<b>Balance recalculated to TEUR</b>	
		<b>%</b>		<b>%</b>
EUR	327 067	99.7%	496 911	99.8%
USD	916	0.3%	951	0.2%
<b>Total</b>	<b>327 983</b>	<b>100%</b>	<b>497 862</b>	<b>100%</b>

The aging of receivables is provided in the table below:

<i>In thousands of euro</i>	<b>31 December 2013</b>			<b>31 December 2012</b>		
	<b>Gross</b>	<b>%</b>	<b>Impairment</b>	<b>Gross</b>	<b>%</b>	<b>Impairment</b>
Not past due	327 982	100%	-	497 539	99.9%	-
Past due 0-30 days	1	0.0%	-	21	0.0%	-
Past due 31-180 days	-	0.0%	-	302	0.1%	-
More than 180 days	-	0.0%	-	-	0.0%	-
<b>Total</b>	<b>327 983</b>	<b>100%</b>	<b>-</b>	<b>497 862</b>	<b>100%</b>	<b>-</b>

No bad debt provision was recorded as at 31 December 2013 and 31 December 2012.

The Company faces a customer concentration risk as 67% of trade receivables and 86% of revenues during the period ended 31 December 2013 (31 December 2012: 64% and 78% respectively) has been generated by one related party, Samsung Electronics Logistic Center B.V.

## 15. Cash and cash equivalents

<i>In thousands of euro</i>	<b>31 December 2013</b>	<b>31 December 2012</b>
Bank balances (held in EUR)	607 137	338 120
<b>Cash and cash equivalents</b>	<b>607 137</b>	<b>338 120</b>
Bank overdrafts used for cash management purposes (held in USD)	-	(304)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>607 137</b>	<b>337 816</b>

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

Included in the total amount of cash and cash equivalents is an amount of TEUR 9 (31 December 2012: TEUR 34) held on the accounts open with SLSP Bratislava and TEUR 607 128 (31 December 2012: TEUR 338 086) zero balance pooling to SEEH. The Company has intercompany cash-pooling facility drawn as of 31 December 2013 in the amount of TEUR 0 (31 December 2012: TEUR 304).

As of 31 December 2013 there were bank guarantees provided for the Company in favor of the Custom's office in amount of TEUR 49 790 (31 December 2012: TEUR 49 790).

## 16. Capital and reserves

### Share capital

The total authorized, issued and outstanding share capital of the Company amounts to TEUR 43 098 as of 31 December 2013 and 31 December 2012. The ownership structure of the Company is as follows:

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

The share capital is fully paid up.

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

### Legal reserve fund

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

As at 31 December 2013 the legal reserve fund balance reached the amount of 10% of the share capital which is the minimum amount as required by law.

## 17. Interest-bearing loans and borrowings

<i>In thousands</i>	Year of maturity	Face value 31 December 2013 (in thousands of currency)	Carrying amount 31 December 2013 (in thousands of euro)	Face value 31 December 2012 (in thousands of currency)	Carrying amount 31 December 2012 (in thousands of euro)
<b>Current liabilities</b>					
Overdraft (USD):	n/a	-	-	401	304
<b>Interest bearing loans and borrowings</b>		-	-	<b>401</b>	<b>304</b>

The overdraft as at 31 December 2012 is represented by an intercompany cash-pooling facility.

## 18. Employee benefits

The Company has no significant defined contribution plan (apart from legal social contribution), defined benefit plan or any other long-term employee benefits. Short-term employee benefits as at 31 December 2013 amounted to TEUR 5 765 (31 December 2012: TEUR 3 145) and comprise wages and salaries payable including social and health contributions, accrual for untaken vacation and accrual for bonuses. Short-term employee benefits are presented within trade and other payables in the statement of financial position.

## 19. Trade and other payables

*In thousands of euro*

	31 December 2013	31 December 2012
Trade payables	198 050	304 104
Current tax payables (receivables)	-	(16 059)
Other payables	19 784	13 136
<b>Total</b>	<b>217 834</b>	<b>301 181</b>

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

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

*In thousands of euro*

	31 December 2013 Balance recalculated to TEUR	%	31 December 2012 Balance recalculated to TEUR	%
EUR	194 339	89.2%	278 269	92.4%
USD	23 495	10.8%	22 911	7.6%
<b>Total</b>	<b>217 834</b>	<b>100%</b>	<b>301 181</b>	<b>100%</b>

### 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 2013	31 December 2012
Liabilities overdue	10	-
Liabilities due within 1 year	217 824	301 181
<b>Total trade and other payables</b>	<b>217 834</b>	<b>301 181</b>

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

### Social fund

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

*In thousands of euro*

	Year ended 31 December 2013	Year ended 31 December 2012
Balance at beginning of the period	326	229
Recognized as expenses	158	188
Drawing	(153)	(91)
<b>Balance at end of the period</b>	<b>331</b>	<b>326</b>

## 20. Financial instruments

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

### Credit risk

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

*In thousands of euro*

	31 December 2013	31 December 2012
Cash and cash equivalents	607 137	338 120
Loans and receivables	327 983	497 862
<b>Total exposure</b>	<b>935 120</b>	<b>835 982</b>

### Impairment losses

Impairment losses are described in note 14.

### Liquidity risk

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

*In thousands of euro*

	Carrying amount	Contractual cash-flows	3 months or less	3-6 months	More than 6 months
<b>Non-derivative financial assets</b>					
Cash and cash equivalents	607 137	607 137	607 137	-	-
Loans and receivables	327 983	327 983	327 983	-	-
<b>Non-derivative financial liabilities</b>					
Trade and other payables	(217 718)	(217 718)	(217 718)	-	-
<b>Derivative financial liabilities</b>					
Foreign exchange forward contracts	(116)	(116)	(116)	-	-
<b>Total</b>	<b>717 286</b>	<b>717 286</b>	<b>717 286</b>	<b>-</b>	<b>-</b>

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

### Currency risk

The Group's exposure to foreign currency risk as at 31 December 2013 and 31 December 2012 was as follows based on notional amounts:

<i>In thousands of currency</i>	31 December 2013 USD	31 December 2012 USD
Cash and cash equivalents	-	(401)
Loans and receivables	1 244	1 278
Trade and other payables	(32 126)	(29 928)
<b>Gross exposure</b>	<b>(30 882)</b>	<b>(29 051)</b>
Foreign exchange forward contracts	17 628	59 095
<b>Net exposure</b>	<b>(13 254)</b>	<b>30 044</b>

### Interest rate risk

The Company has no long-term loans and no overdraft outstanding as at 31 December 2013. Therefore, there is no significant interest rate risk.

### Recognized assets and liabilities

The fair value of forward exchange contracts as at 31 December 2013 was a loss of TEUR 116 (31 December 2012: loss of TEUR 813). These amounts are included among trade and 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 statement of financial position.

## 21. Operating leases - Leases as Lessee

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

Non-cancellable operating lease rentals are payable as follows:

<i>In thousands of euro</i>	31 December 2013	31 December 2012
Less than one year	1 164	3 103
Between one and five years	4 656	12 412
More than five years	-	-
<b>Total</b>	<b>5 820</b>	<b>15 515</b>

Assets under operating leases are not subject to a sublease.

During the year ended 31 December 2013 an amount of TEUR 1 364 was recognised as an expense in profit or loss in respect of operating leases (year ended 31 December 2012: TEUR 3 103).

## 22. Capital commitments

There are no significant capital commitments as at 31 December 2013 and 31 December 2012.

## 23. Contingencies

Many parts of Slovak tax legislation remain untested and there is uncertainty about the interpretation that the tax authorities may apply in a number of areas. The effect of this uncertainty cannot be quantified and will only be resolved as legislative precedents are set or when the official interpretations of the authorities are available.

## 24. Related parties

### Identity of related parties

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

### Transactions with key management personnel

There have been no transactions with key management personnel, except their salaries (included in the caption of administrative expense in profit or loss) in the amount of TEUR 837 for the year ended 31 December 2013 (year ended 31 December 2012: TEUR 809).

### 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 Hungarian RT., Hungary; SAMSUNG Electronics Europe Logistics BV, Netherlands; SAMSUNG Asia Private Limited, Singapore; SAMSUNG Electronics Display, Malaysia; Samsung Vina Electronics Co., Vietnam; SAMSUNG Electronics Indonesia, Indonesia; Thai Samsung Electronics Co., Thailand; SAMSUNG Electronics Hong Kong Co., Hong Kong; Tianjin SAMSUNG Electronics Co. Ltd., China; Tianjin Samsung LED, China; Samsung Telecommunications Japan Co., Japan; SAMSUNG Electronics America Inc., U.S.A.; SAMSUNG Semiconductor Europe GmbH, Germany; SAMSUNG Electronics Taiwan Co. Ltd., Taiwan; SAMSUNG International Inc., USA; Samsung Electronics Egypt, Egypt; Samsung Electronica da Amazonia Ltda., Brazil; LLC Samsung Electronics Rus Kaluga, Russia; Samsung Display Co, Ltd, Korea; Samsung Electro-Mechanics Thailand Co., Thailand; Samsung Display Slovakia s.r.o, Slovakia; Samsung SDS Global SCL Slovakia, Slovakia; Samsung Electronics European Holding, Netherlands; and other.

### Transactions with SAMSUNG Electronics Co. Ltd. (parent)

*In thousands of euro*

	Year ended 31 December 2013	Year ended 31 December 2012
Sales of own products and other assets	4 045	2 967
Sales of machinery and equipment	-	-
Purchase of raw materials	597 478	763 670
Purchase of machinery and equipment	22 054	20 665
Service and other expenses	2 057	2 775

**Transactions with SAMSUNG Electronics Magyar Zártkörűen Működő Részvénytársaság (significant influence)**

*In thousands of euro*

	Year ended 31 December 2013	Year ended 31 December 2012
Sales of own products and other assets	34 977	180 714
Sales of machinery and equipment	-	234
Purchase of raw materials	27 908	2 946
Purchase of machinery and equipment	75	95
Service and other expenses	4	6

**Transactions with other group companies**

*In thousands of euro*

	Year ended 31 December 2013	Year ended 31 December 2012
Sales of own products and other assets	3 108 012	3 476 752
Sales of machinery and equipment	118	7 405
Purchase of raw materials	1 514 281	2 064 604
Purchase of machinery and equipment	63	1 235
Service and other expenses	60 533	49 187

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

**Assets and liabilities arising from transactions with SAMSUNG Electronics Co. Ltd. (parent)**

*In thousands of euro*

	31 December 2013	31 December 2012
Trade, other receivables and prepayments	48	9
Trade and other payables	28 633	11 674
Other accruals payable	784	666

**Assets and liabilities arising from transactions with SAMSUNG Electronics Magyar Zártkörűen Működő Részvénytársaság (significant influence)**

*In thousands of euro*

	31 December 2013	31 December 2012
Trade, other receivables and prepayments	2 040	6 397
Trade and other payables	948	257
Other accruals payable	-	-

**Assets and liabilities arising from transactions with other group companies**

*In thousands of euro*

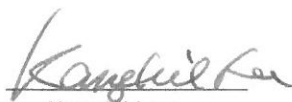
	31 December 2013	31 December 2012
Trade, other receivables and prepayments	288 296	412 937
Trade and other payables	107 854	226 779
Sales promotion and other accruals	6	164

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

**25. Events after the end of reporting period**

No events with a material impact on presentation of these financial statements occurred after 31 December 2013 that would require disclosure or amendment of these financial statements.

These financial statements were authorized for issue on 23 January 2014.



Kangkil Lee  
Vicepresident



Stanislav Kopecký  
Finance manager